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NEWS SUMMARY

GENERAL

Labour backs import controls

The Labour Party has decided that import controls are needed to help reverse the decline of British industry.

A policy statement to this effect has been drawn up by the Labour-TUC liaison committee.

Opposition leader Mr. Callaghan said that defensive trade measures should be negotiated with EEC and other countries, but if this failed, he did not rule out unilateral action. Back Page

London shake-up

Greater London Council leader Sir Horace Cutler announced major changes in moves aimed to cure the capital's transport problems.

London Transport chairman Ralph Bennett is to go, and a replacement sought, and Dr. Tony Ridley, former head of the Hong Kong Mass Transit Railway, is to manage the London Tube. Bus fares will go up an average 16 per cent on September 21, and Tube fares 11 per cent.

Journalists held

Five South Korean journalists working for overseas groups have been detained. In Tehran, two television reporters, a Dane and a Turk, were moved to Evin Prison, and three arrested journalists working for British TV were released — with apologies.

Twenty more Army officers were executed for their part in the attempted coup.

Statement sought

Belfast MP Gerry Fitt sought a statement on the shooting in the night of 16-year-old Michael McCartan, near whose body was found a brush and paint.

Israel inquiry

Israel's Interior Minister ordered a commission of inquiry after the death of a second Palestinian hunger-striker who had been force-fed.

Revolt over

The two-month rebellion on the New Hebrides island Espiritu Santo ended when 200 British marines and French paratroopers landed unopposed.

Walkers out

Seven 20km walk competitors were disqualified for "lifting" in the Moscow Olympics, including two who were far ahead, looking assured of the gold and silver. British woman javelin hope Tessa Sanderson failed to qualify for the finals, throwing 20 metres below her best. World record runners Seb Coe and Steve Ovett won their 800m heats.

Britain's 4 x 100 metres men's medley swim team won bronze medals, behind Australia and USSR.

Boycott back

England reached 235 for three in the first day of the Fourth Test at The Oval. Geoff Boycott returned after needing two stitches in a head wound to score 89 not out.

Briefly . . .

Actor Peter Sellers died, following his Tuesday heart attack.

One died and more than 30 were injured when a London-Edinburgh coach overturned near Morpeth.

Scaffolder David Bickell was awarded £60,000 damages for head injuries suffered in a fall.

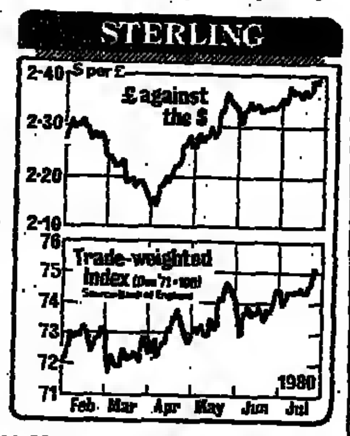
Former British boxing champion Vic Andeetti was jailed for three years for stabbing a man he chased from his restaurant.

BUSINESS

Sterling at 5-year peak; $10 gold rise

● STERLING advanced on unchanged UK interest rates and their further decline in the U.S. The pound closed at $2.3965, up 1.17 cents from Wednesday's $2.3848 at its highest level since March 1975. Its index rose to 75.2 (75.0), also a five-year high. DOLLAR eased to DM 1.7350 (DM 1.7400) and SwFr 1.5940 (SwFr 1.6000). Its index fell to 83.1 (83.4). Page 26

STERLING



● GOLD rose $10 to $641.50 an ounce in London. Page 26

● GILTS turned easier after the announcement of unchanged Minimum Lending Rate. Profit-taking and speculation that some discount houses were over-bought depressed sentiment further and longs fell up to ½ while shorts slipped to over-night levels. The F.T. Government Securities index eased 0.25 to 72.24. Page 30

● EQUITIES were dull except for one possible takeover. The F.T. 30-share index closed 1.0 higher at 487.0. Page 30

● WALL STREET was 3.92 lower at 924.66 shortly before the close. Page 27

● IRAN last month transported nearly $250m-worth of gold to Tehran from the UK raising its transfers this year to about 30 tonnes. Back Page

● JAPANESE imported cars have captured 9 per cent of the West German market in the first six months of 1980 against 4.9 per cent in the same 1979 period. Page 5

● ECONOMIST Brian Reading of stockbrokers Bone Fitzgerald and Co., forecasts a slump as bad as 1929-32 in the next two years with unemployment around 3m and large industrial areas laid waste. Page 7

● NATIONAL WESTMINSTER Bank has launched a house mortgage scheme offering loans from £20,000 to £40,000. Page 6

● BL will receive a further tranche of the remaining £75m allocated by the Government for 1980-81 next week. Back Page.

● STOCK EXCHANGE is to draw Government attention to "irregularities in management" last year by Mooloya Investments which was wound up in April.

● THE SYSTEM of cash limits on civil servants' pay contains major loopholes, a Commons Select Committee on the Treasury reports.

● INDUSTRIAL civil servants are on the point of accepting a wage increase offer worth 16.5 per cent. Page 10.

COMPANIES

● DAVY CORPORATION pre-tax profits for the year to March 31 fell to £15.94m against a previous £26.13m. Page 18

● CHARTERHOUSE GROUP will raise at least £26.65m through the offer for sale of its majority stake of 41m shares in Charterhouse Petroleum, the North Sea oil company. Page 19

● AECI, South Africa's largest chemicals group, reports a 69.2 per cent rise in pre-tax profits for the half-year ended June 30 to R85.3m (£46.87m) from R50.4m. Page 24.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Air Call	203	+ 11
Assod. Dairies	194	+ 6
Automated Security	305	+ 10
Avana	160	+ 7
Bibby (J.)	196	+ 5
British Sugar	246	+ 6
De La Rue	800	+ 30
Distillers	213	+ 5
Energy Capital	96	+ 6
Hall Bros.	257	+ 17
Higgs and Hill	92	+ 24½
Newarthill	263	+ 9
Pochin's	185	+ 9
Russell (A.)	85	+ 9
Thorn EMI	324	+ 4
Turner and Newall	131	+ 14
York Trailer	22	+ 4
Elandsrand	458	+ 38
Impala Platinum	328	+ 12
Mount Lyell	95	+ 9
President Steyn	£19¼	+ ¼

FALLS		
Treas. 15½pc '96	£117¾	− ¾
British C'nwealth	340	− 16
Bullough	165	− 8
Dares Estates	22	− 2½
GUS A	436	− 6
Inchcape	425	− 10
Metal Box	294	− 8
Nichols (Vimto)	212	− 15
Sirdar	86	− 6
Union Discount	510	− 15
Carless Capel	148	− 6
Imp. Cont. Gas	816	− 14
LASMO	715	− 15
Tricentrol	342	− 10
Intnl. Mining	42	− 5

Thorn EMI to link with Sharp in business venture

BY GUY DE JONQUIERES

Thorn EMI is to collaborate with Sharp, a major Japanese producer of consumer electronic and electrical goods, in a joint programme for development, manufacturing and distribution.

The arrangement, announced yesterday, is the latest in a series of recent link-ups between Thorn EMI and leading Japanese manufacturers. Earlier this year it agreed to promote in Europe the video-disc home entertainment system developed by Victory Company of Japan (JVC).

It is involved with JVC, Matsushita Electrical of Japan and General Electric of the U.S. in plans to sell the system on the American market and also has a joint record-pressing venture with Toshiba in Japan.

Other British companies which have joined forces with Japanese concerns in the consumer electronics field include the General Electric Company (GEC) and Rank, which have set up joint ventures to make televisions in the UK with Hitachi and Toshiba respectively.

The latest agreements are potentially the most far-reaching of any concluded to date. They provide for the exchange of technology and licences between Thorn-EMI and Sharp, and for close co-operation between their laboratories on a research and development programme.

Thorn's Domestic Appliances Division and Sharp have also agreed on reciprocal trading arrangements. From November, Thorn's Kenwood division will ship food preparation products to be sold in Japan by Sharp under its own name.

Thorn plans to manufacture at its factory at Spennymoor, Durham, microwave ovens using Sharp's technology. Production is due to begin in the middle of next year, but initially Thorn will market ovens made by Sharp in Japan.

Mr. Peter Laister, managing director of Thorn EMI, said yesterday that the agreements were designed to produce a genuine two-way exchange and could lead to investment by the two companies in each other's operations or in new joint ventures.

"We think that we have increased the chances of British technology being used abroad and have increased the chances of getting early access to the most advanced technology available on world markets," he said.

The two companies had not yet decided on any firm projects for co-operation in research and development but their product lines were broadly compatible.

Sharp, based in Osaka, was reported to have expressed the hope that the agreements would soothe concern in Europe about rapidly rising imports of Japanese electronic products.

Sharp's annual sales of £760m are less than half of Thorn EMI's turnover. Almost half its production is exported, an unusually high proportion even by the standards of Japanese electronics manufacturers.

About one-third of its sales are accounted for by home appliances, a further one-third by industrial instruments and electronic components and the remainder by televisions, video equipment and audio products.

Sharp is a leading manufacturer of electronic calculators, and its success in applying micro-chip technology to consumer products is believed to be of particular interest to Thorn EMI.

UK institutional investors favour overseas industry

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

BRITISH financial institutions have been investing more money in the shares of overseas companies than in UK equities since the end of exchange controls last year.

Central Statistical Office figures published yesterday show that institutions, including pension funds, insurance companies and unit trusts, bought £500m worth of overseas company securities in the first three months of this year. This compares with net purchases of UK company securities of £298m in the same period.

Buying of overseas shares has been rising steadily since the exchange controls were removed on investments inside the EEC in July, 1979, and then abolished altogether last October.

Purchases of overseas company securities totalled £461m in the second half of last year, compared with £170m in the previous six months.

The sharp increase may, to some extent, reflect a once-and-for-all adjustment as British institutions alter the balance of their portfolios and increase the proportion invested overseas.

The contrast between the scale of purchases of equities in the UK and those overseas may also reflect the relative attractiveness of the respective stock markets at a time when the profits of UK industry are being tightly squeezed.

A build-up in the overseas portfolios of British investors is one of the intended results of the end of exchange controls. This is in order to provide the UK with an income-producing asset once North Sea oil revenue declines.

The increase in purchases of shares overseas can be expected to be controversial in view of the arguments advanced by the Labour Party and the TUC that the City has been neglecting industry and that the end of exchange controls is resulting in a diversion of finance overseas.

The latest figures also highlight the steadily rising inflow of savings into life assurance companies and pension funds. This totalled £2.48bn in the first three months of this year, an increase of 3.8 per cent on the level of the previous quarter.

The Government again managed to attract the bulk of this money as purchases of gilt-edged stocks of £1.08bn accounted for nearly 44 per cent of the inflow to these institutions. This compares with an average gilts proportion of 49 per cent last year, although the share varies from quarter to quarter.

Consumer spending likely to stagnate, Page 6

Agreement in Observer dispute

BY PAULINE CLARK, LABOUR STAFF

REPRESENTATIVES OF the National Graphical Association yesterday reached agreement with The Observer management which it hopes will settle the pay dispute which threatens to close the newspaper.

The agreement, which has yet to be put to the 50-strong machine managers' chapel (union branch), follows The Observer's decision on July 16 to issue 90-day notices of dismissal to its staff.

Although the terms of the agreement were being kept secret the union appears to have backed down considerably at national level agreement is believed to have been reached on the issue of whether the printers should work for an extra hour for which they been receiving pay but have not previously worked.

The management has refused throughout the dispute to improve its £92 offer for the Saturday evening to Sunday morning shift by paying an extra £3.25 for every eight pages over 48.

The NGA had demanded £7.20 for the excess over 48 pages and opposed the inclusion of payment for the extra hour in the offer of £92.

The union originally sought the intervention of ACAS in a move interpreted as a sign of its desire not to see a repetition of the prolonged and damaging battle which led to the suspension of The Times.

NGA negotiators, led by Mr. Joe Wade, general secretary, said after resumed talks at the offices of the Advisory Conciliation and Arbitration Service that they would recommend acceptance to a chapel (union branch) meeting of The Observer machine managers.

It is hoped the chapel can be brought together today to hear the terms of the proposed settlement.

Express plans economies

Express Newspapers has warned union representatives that it is proposing economies. The measures are the result of falling circulation and other problems. The company said the future of its papers was not in doubt. Page 10

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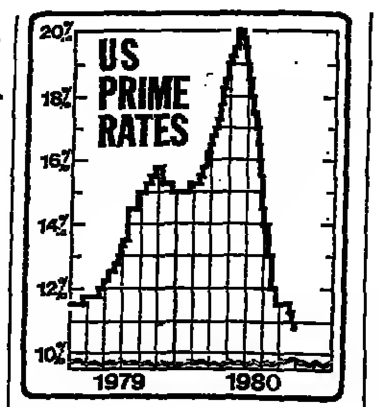
For latest Share Index 'phone 01-246 8026



U.S. prime down to 10.75%

By David Lascelles in New York

CHEMICAL BANK and Chase Manhattan of New York yesterday led the way to a U.S. prime lending rate of 10.75 per cent just as many other banks were catching up with an earlier move to 11 per cent.

The prime cut produced a renewed bout of pressure on the dollar in the foreign exchanges. At noon in New York it was trading at DM 1.7345, down from DM 1.7380 at the previous day's close. Sterling strengthened to $2.3970 in New York from $2.3850.

The fall in the prime rate, which comes when many economists are uncertain about the prospects for continuing the downward drift of U.S. interest rates, was said to be the main influence in busy foreign exchange dealing.

In the credit markets, by contrast, trading was very slow. The market which has been responding with sharp but brief movements to each intervention by the Federal Reserve, appeared to be languishing while awaiting another such signal.

The Fed, however, simply says its credit policy has not changed and the market is being unduly sensitive to the central bank's activities.

An underlying influence is the note of alarm raised on Wednesday by June's slight increase in the monthly rate of consumer price inflation.

Inflation, which might yet be influenced this year by a tax cut, could also be on the minds of foreign exchange traders. There is additional anxiety about the pressures expected from continued heavy demand for long-term financing in the months ahead by U.S. industry.

£ in New York

—	July 23	Previous
Spot	$2.3834-3850	$2.3890-3900
1 month	1.75-1.70 dis	1.72-1.66 dis
3 months	3.92-3.67 dis	3.70-3.67 dis
12 months	7.62-7.52 dis	7.60-7.45 dis

Sasse rescue agreed by Lloyd's

BY JOHN MOORE

A RARE market rescue is to be carried out in Lloyd's of London, the insurance market, to help the 110 members of the troubled Sasse underwriting syndicate to meet losses of £21.5m.

A meeting of about 700 underwriting agents, who look after the affairs of the 18,552 private individuals of Lloyd's, and underwriters were told by Mr. Peter Green, Lloyd's chairman, that certain "grave irregularities took place" in 1976 in the handling and accounting of one insurance contract which was was placed with the Sasse syndicate.

He said that the irregularities were clear to him and "beyond reasonable doubt." He added that these irregularities were "the subject of separate inquiries by the police." But Lloyd's has admitted no liability.

The rescue is the first mounted at Llyod's since the 1950s, and the largest of its type ever arranged. Under Lloyd's accepted market principles, every member is liable to the full extent of his wealth to meet insurance losses.

In this instance, however, the underwriting liabilities of most of the Sasse syndicate are to be limited. It is believed that Lloyd's may not offer the rescue plan to Mr. Frederick Sasse, the leading underwriter on the syndicate, and other members of the syndicate closely involved in the placing of the controversial insurance account.

Under the proposed settlement the losses of the members for the 1976 underwriting year are to be limited to £6.25m, while all losses on the 1977 underwriting account are to be met by the market. In all, £15.25m of the known Sasse losses will be borne by the market.

So far the plan has gained the support of the market. The rescue will mean that legal action between the Sasse members and Lloyd's will be settled out of court, at a saving of about £3m in legal costs.

Police inquiries by the City of London Fraud Squad, in progress since 1978, have centred on a portfolio of fire insurance business which was channelled to the syndicate by a U.S. company called Den-Har Underwriters.

This business eventually led to losses of $16m for the Sasse members. The losses arose on mainly low-quality fire insurance in the New York and New Jersey areas.

The business had been secured by undercutting premium rates on state insurance schemes which accept property risks unacceptable in the commercial insurance market.

It was later discovered that Den-Har had not received approval in the Lloyd's market. Although a proscribed vetting arrangement was not followed the business was still placed and the claims were met.

It was later alleged that the syndicate had taken on too much business through the Den-Har source, and breached its premium income limits, strictly laid down by Lloyd's, by 400 per cent in the 1976 underwriting year.

On another front, accounting irregularities were discovered on the handling of fire insurance business channelled to the syndicate from Canada.

The syndicate is facing losses on insurances in computer-leasing and in the entertainment and leisure business, mainly liability insurances for fairground and holiday camp operators.

Over 40 members of the Sasse syndicate have been suing Lloyd's and several underwriting agents. They have disputed their liabilities on a major part of the £21.5m losses which have arisen, the largest losses for an individual underwriting syndicate at Lloyd's.

They have alleged that proper market procedures were not followed in placing of insurance business with the syndicate, and that Lloyd's was in breach of its duties toward the members.

Mr. Green said yesterday that because of the irregularities and other matters which have emerged in the course of litigation the 16-strong ruling committee of Lloyd's "is prepared to accept that a negotiated settlement between the parties concerned would be in the interests of all involved."

Over 400 underwriting syndicates, the bodies into which all the members of Lloyd's are grouped, will be expected to participate in underwriting a guarantee policy spreading the £15.25m balance of the Sasse syndicate's losses throughout the market.

It is expected that a premium payment will be allocated to the rescuers out of the 1981 contributions, made by all members each year, to the Central Fund, the fund of last resort designed for protection of the policyholder, to arrange the guarantee policy.

EEC seeks forum for energy cooperation

BY JOHN WYLES IN BRUSSELS

THE EUROPEAN Community is expected to urge the creation of a new international forum for aiding energy development in the Third World when the North-South dialogue enters a new phase at a special United Nations Assembly next month.

The Nine have already agreed to try to present a common position at the Assembly starting in New York on August 25. This will prepare the agenda and procedures for a new round of global negotiations between the industrialised and non-industrialised nations which has been demanded by the Group of 77.

However, the EEC has not yet managed to develop a detailed position on the negotiations which are expected to embrace pricing and supply of raw materials, energy, commerce, development, food production and monetary and financial problems.

The basis of discussion among the Nine over the next few weeks is expected to be a paper just produced by the Commission which is likely to be judged too conservative by many Third World countries.

Among other things, it reflects the industrialised world's preoccupation with energy questions and its disappointment that, among the oil producers, only Venezuela and Algeria have shown much interest in the preparations for the coming negotiations.

It suggests that a "satisfactory outcome" for the EEC would be the creation of a forum for international co-operation on energy questions which would enable, among other things, OPEC and the industrialised countries to mount joint efforts to encourage energy developments in the Third World.

A more ambitious aim which may be worth pursuing, the paper suggests, would be the inclusion of OPEC in an international co-operation effort designed to achieve orderly progress to a world economy less dependent on oil and less vulnerable to generalised recessions and foo dshortages.

The Commissio nsuggests that the EEC try to make sure that, when it defines the negotiating agenda and procedures, the UN Assembly specifically includes discussion on energy pricing and its predictability.

It is clear from guidelines adopted by EEC Foreign Ministers earlier this week that the Community will seek to block any developments in the negotiations which cut across the competence and independence of established international agencies, particularly the International Monetary Fund, the World Bank and the General Agreement on Tariffs and Trade.

Community urged to join sugar agreement

BY OUR BRUSSELS CORRESPONDENT

EEC GOVERNMENTS are to be urged by the European Commission to end the Community's "rogue" status as a major world sugar producer by negotiating membership of the International Sugar Agreement.

The Commission's recommendation should be seen against the background of the Nine's failure earlier this year to agree on measures to reduce their sugar mountain and their subsequent commitment to make a fresh attempt in the autumn aimed at bringing in a new regime by November 1.

By seeking a negotiating mandate on the ISA, the Commission is in effect reminding member states of the need for reduced internal production which might then allow the Community to become a more "responsible" world producer.

The ISA, last renegotiated by other leading sugar countries in 1977, is an attempt to stabilise world prices by fixing export quotas in times of oversupply. The last time it sought membership in 1976, the EEC could not obtain an acceptable quota. Since then, its growing sugar mountain has forced it to subsidise exports at a galloping rate which last year consumed membership, in 1976, the EEC total farm budget.

This has angered other sugar producers, notably Australia, which have long complained about the upsetting effects on world prices of cheap EEC sugar capturing about 15 per cent of the world market.

Export quotas

Commission officials deny there is any link between the latest decision to seek a mandate on the ISA and the visit to Australia early last week of Mr. Finn Olav Gundelach, the Agriculture Commissioner.

However, he is unlikely to get the go-ahead until an agreement on new internal production levels is reached since the Nine will want to know the future dimensions of their surplus before considering possible export quotas.

The Commission will argue that ISA membership on reasonable terms could help the Community achieve some of the vital budget economies it needs if its "own resources" are not to be exhausted next year.

Among other things, the EEC could help stabilise world prices at a level which could reduce the costs of export subsidies, says the Commission. It also point out that the significant increase in world prices this year provides a favourable environment in which to try to negotiate membership.

● The Commission has also made another recommendation to the Council of Ministers dear to Australian hearts which concerns the quota on beef imports into the Community. It wants a review of a decision taken earlier this year to limit imports of frozen beef from third countries to 50,000 tonnes.

Australia has complained bitterly that the Nine did not follow the Commission's recommendation to fix the quota at 60,000 tonnes, arguing that this was another case of the EEC ignoring the interest of third country producers.

Mr. Gundelach: visit to Australia

Greece moves towards free drachma

By Our Athens Correspondent

GREECE WILL take its first steps towards freeing the drachma next month. On August 27 a managed inter-bank market for the drachma is to begin operations on a dummy basis. Around the middle of October it will be phased in to replace the present system under which the Bank of Greece each day fixes the value of the drachma against the currencies of Greece's main trading partners.

The plan was described yesterday by Professor Xenophon Zolotas, Governor of the Bank of Greece. He said that it was due to be announced today by the Government.

Under its treaty of accession to the EEC, Greece is committed to replacing its system of fixing the drachma by the time it enters the Community on January 1. It is also required to make the drachma convertible for most transactions by the end of 1985.

Belgian Minister may quit

By Giles Merritt in Brussels

A POLITICALLY embarrassing row over Belgium's defence spending has been triggered by Mr. Charles Poswick, the country's new Defence Minister.

In what appears to be an open challenge to Mr. Wilfried Martens, the Belgian Prime Minister, Mr. Poswick has declared in the National Assembly that unless a 15 per cent increase in defence spending is allowed he would quit his post.

Since being appointed to the Defence Ministry two months ago, when Mr. Martens formed a new Government in the wake of a political crisis that almost unseated him, Mr. Poswick has not troubled to hide his anxiety over the country's cash-starved defence forces.

Last month he warned that if more senior officers resigned in protest against spending cuts he would consider quitting in sympathy.

This time, however, Mr. Poswick appears to have thrown down a gauntlet that must either result in alteration of the Belgian Government's planned 2.2 per cent spending cuts, or in his own resignation.

Polish politburo takes calm line

BY CHRISTOPHER BOBINSKI IN WARSAW

THE POLITBURO of Poland's ruling Communist party has decided to continue its conciliatory policies towards strikers and does not consider the situation critical enough to justify calling a special session of the full party central committee.

The possibility of a central committee meeting came up when the politburo met last Friday against the background of strikes in Lublin in eastern Poland which paralysed the town. The authorities warned at the time that the situation there "could cause concern to the country's friends"—meaning the Soviet Union.

Meanwhile, reports reached Warsaw yesterday of a strike in a glassworks in the small town of Lubartow about 20 miles north of Lublin. There was also a stoppage at large railway repair yards in Ostrow and Wielkopolski in western Poland in support of a demand for a 20 per cent wage rise.

Other plants in this town of more than 60,000 inhabitants have won pay rises and promises of improved food supplies through strike action since last week.

An article in yesterday's Zycie Warszawy, a Warsaw daily newspaper, provides insight into the Government's present line following the politburo session. It says the present rash of stoppages is an "exotic phenomenon" in present-day Poland but admits for the first time in the country's Press that stoppages have taken place previously.

"It is no secret that in past years there have been stoppages in Polish industry," it says and adds that they arose from local problems and misunderstandings. It implies that stoppages are nothing to become excited about, but the article says that they are not the only way of solving shop floor problems.

It does say that workers have the right, and even the duty, to "criticise factors which hold up production, control the way decisions are enforced by management, the way production plans are carried out, and the way wages and bonuses are paid."

Editorial Comment—Page 16

High hopes for Soviet gas deal

By Roger Boyes in Bonn

AGREEMENT on the DM 20bn (£5bn) gas link-up between East and West Europe could be clinched by the end of this year, according to executives of Ruhrgas, West Germany's main gas importer and distributor.

After three days of preliminary negotiations, the Soviet Union and a West German-led gas consortium are confident of the "technical and economic feasibility" of the plan to pipe 40bn cubic metres of gas from Russia to Western Europe.

The Soviet delegation, led by Mr. Nikolai Ossipov, the Deputy Trade Minister, now travels to Rome, Paris and Vienna, where discussions will be held with the other main distributors involved in the project.

The project, however, remains firmly in the hands of West German companies. Executives of the engineering giant, Mannesman, formally declared a willingness this week to supply the necessary pipes and West German banks are expected to put together a bridging credit to pay for the piping and the compressor stations.

Under the plan, the Soviet Union will make available 40bn cubic metres annually to the West from the West Siberian Yanal fields. Between 10bn and 12bn cubic metres will go to West Germany, effectively doubling its gas imports from the Soviet Union. In return, the West Germans will supply pipes for the 5,000 km link-up.

The next round of negotiations will be held in Moscow during the summer and some fundamental points will then have to be cleared up. Mannesman, for example, is keen to avoid an excessive squeeze on its margins in the deal and is pressing for the best possible terms, mindful that the project could provide it some two years work. Also the interest rate for credit, the exact route of the pipeline has yet to be determined.

Poor outlook for Irish economy

By Stewart Dalby in Dublin

A GLOOMY if not entirely unexpected outlook for the Irish economy emerges from the central bank's latest quarterly bulletin. It expects inflation this year to reach 19 per cent and GNP growth to be virtually zero. The balance of payments deficit is put at I£700m (£635m).

Mainly because of a deterioration in the terms of trade, it says, there is unlikely to be a change in the level of economic activity this year compared with 1979.

The bank expressed particular concern, both in its last annual report and the latest bulletin about the balance of payments deficit, which, because of rising oil prices, will be substantially unchanged from that of 1979. These levels are not sustainable. They are not covered by invisible earnings and mean that Ireland must either run down its slender reserves or borrow abroad if its currency, which has been independent from sterling for less than 18 months, is not to come under severe pressure.

Swedes expect orders to slow

By Westerly Christner in Stockholm

REDUCED DEMAND both at home and abroad is the main reason why Swedish industry can expect a continued downturn in orders for the second half of the year, according to a forecast by the country's Institute for Economic Research. Orders have already slowed during the first half in many important industries, including chemicals, engineering, heavy machinery and metalworking, the forecast added.

Swiss bank attacks effect on gold of West's policies

BY JOHN WICKS IN ZURICH

THE GOLD price could rise sharply above $850 an ounce "if the politics of Western countries continue along their present regrettable lines," according to the latest quarterly bulletin of Credit Suisse, one of the world's leading gold traders. The Zurich bank sees investment and hoarding demand for the metal as likely to total some 140 tonnes this year as part of total consumption of about 1,105 tonnes.

The bank and particularly Dr. Hans Mast, its economic adviser, have traditionally supported economic and monetary policies likely to stabilise or lower the gold price. The present level, though not considered excessive in terms of purchasing power, is seen as reflecting wide-scale international fear of inflation.

Dr. Mast, the author of the unusually outspoken article, yesterday commented on what the bank felt to be "regrettable" policies on the part of the West. Apart from insufficient measures to dampen inflation, he drew attention to what he called exaggerated full-employment policies without regard to cost and to the failure to solve the dollar overhang problem within the monetary system.

At the same time, he pointed to the negative effects in the Middle East of freezing Iranian assets and of the "political and military weakness" of the West.

The Credit Suisse expects world supply to fall by about a third this year due to a halving of Soviet sales (to an estimated 115 tonnes) and the cessation of offerings from Western monetary reserves.

Of the 1,105 tonnes expected to enter the market in 1980, the bank thinks some 698 tonnes could come from South African production and 291 tonnes from other Western sources.

On the demand side, the bulletin puts industrial consumption for the year at about 755 tonnes, of which 550 tonnes would be accounted for by jewellery use. Coins and medals are expected to take some 210 tonnes of gold.

Bungles over pilots' strike rock Portugese Cabinet

BY JIMMY BURNS IN LISBON

WHEN THE STRIKE by Air Portugal pilots took a turn for the worse earlier this month, Sr. Eusebio de Carvalho the country's Minister for Labour took time off from a seemingly endless round of deadlocked negotiations and heated public statements and sat down to a leisurely three course dinner at the invitation of the American Club of Lisbon.

The hundreds of businessmen formally invited to the occasion, and the few journalists who had managed to be present, shared a common hope: that Sr. Carvalho would use the occasion to clarify the Government's position on what was fast becoming the most complex and potentially damaging labour dispute in Portugal since the revolution in 1974.

Businessmen and journalists were disappointed. Not only did Sr. Carvalho restrict his comments on the strike to a few vagaries but he also took up the bulk of a lengthy address with a prepared academic analysis ranging over such diverse topics as "American humour," "the honesty of the Portuguese Government," and "human elements" in the history of the Portuguese economy.

The excercise in empty rhetoric, reminiscent of Government statements during the Salazarist regime, which spanned 36 years from 1932 to 1968, left a number of those present baffled if not angry. It occasioned a spontaneous walk-out.

The incident was at least symptomatic of the tactlessness with which key Government Ministers acted throughout the three week strike, which ended on July 14.

Bungling was evident from the very outset of the dispute. It made a contrast to the image of cohesion and efficiency projected by the Democratic Alliance since it took office last January.

The strike was sparked off by Sr Jose Viana Baptista, the Transport Minister, when he decided to challenge an agreement on pay and working conditions reached last December by the management and pilots of Air Portugal.

In purely economic terms, the Minister's argument that a generous scheme of tax exemptions and salary increases for the pilots was incompatible with a policy of financial recovery for the heavily indebted airline was consistent with the Government's cautious attempt to restrain public sector spending.

Politically, Sr. Baptista's initiative was dangerously controversial. The pilots were quick to stress that the Government was not only breaking an agreement, but that this agreement had been reached with Sr. Alvaro Barreto, the present Minister for Industry, who last December was chairman of Air Portugal.

The Government was clearly caught in a quandary. To cede too readily would give an impression of weakness, and run the risk of unleashing a series of similar demands by other sectors. Equally, a firm stand ran the risk of destroying ministerial consensus, possibly leading to a period of instability greatly detrimental to the efficiency of Government.

The Government could have manoeuvred towards the middle ground. Instead, hardline Ministers retained the initiative and decided to confront the pilots head on. They resorted to dramatic threats.

As the strike entered its second week, Sr. Francisco Balsemao, the personal aide to the Prime Minister declared that the Government was considering closing down Air Portugal unless the pilots agreed to end the strike. This was quickly followed by a Cabinet classification of Air Portugal as a company "in economic crisis." According to Portuguese law this is equivalent to virtual bankruptcy and gives management theoretical powers to freeze salaries, increase working hours, and trim the labour force.

While none of these measures were immediately put into practice, the Government made some eccentric decisions which implied it had been misled by its own propaganda. Reports in pro-Government newspapers claimed the unity and spirit of the pilots had begun to crumble, and that the majority were in disagreement with their union.

With great ostentation Sr. Baptista announced that he had sent individual letters to each of the 350 pilots asking them to attend a meeting at the Ministry within 24 hours if they disagreed with union policy.

Not one pilot turned up for the meeting, and the 350 letters were unceremoniously dumped one by one at union headquarters, causing considerable government embarrassment.

A final twist came when President Antonio Ramalho Eanes took the unprecedented step of intervening in a labour dispute; a clear indication that he had lost faith in the Government's control over events.

The pilots had requested an audience with Gen. Eanes, after exhausting all possibilities of dialogue with the government. The request was made just hours before an emergency Cabinet session, at which the Government was expected either to impose a civil requisition on the pilots or temporarily close the company.

In contrast to negotiations throughout the dispute, the meeting between President Eanes and the pilots is supposed to have taken place in an atmosphere of compromise and cordiality. The pilots, who three weeks earlier had declared that they had helped to vote the present Democratic Alliance into office in last December's General Election, emerged heaping praises on the "conciliatory attitude" struck by the Government's most...

PM'S PLEDGE ON SECOND TERM

THE PORTUGUESE Prime Minister, Sr. Francisco Sa Carneiro, has again declared that he will not lead a second government under President Antonio Ramalho Eanes if the latter is re-elected head of state in this year's presidential election, Reuter reports from Lisbon. He told a rally in Lisbon of the ruling right-wing Democratic Alliance that it was impossible for the coalition to reach any political agreement with General Eanes, who has dropped clear hints that he intends to stand.

The Prime Minister called on voters to give the Democratic Alliance an absolute victory in next October's general election. He told a crowd of several thousand banner-waving supporters that it was necessary for the Alliance's own presidential candidate, General Antonio Soares Carneiro, to be elected so that the Government could carry out a programme of radical legislative reform.

Sr. de Carvalho (left): exercise in empty rhetoric. President Eanes (right): unprecedented intervention

Bundesbank moves to ease tight liquidity

By Kevin Done in Frankfurt

THE BUNDESBANK, the West German Central Bank, will take temporary action on Monday to ease the banks' liquidity problems, but it is still resisting pressure to make any fundamental changes to its tight monetary policy.

The expectation that the Bundesbank Central Bank Council would lower the key discount and Lombard interest rates at yesterday's meeting—the last before the summer pause—has fuelled a sharp rise in share prices over the last two weeks.

On Tuesday the Frankfurt stock exchange index reached a new high for the year, but the markets' hopes were not fulfilled yesterday and the Bundesbank is clearly determined to leave interest rates at their present levels at least until late August.

The fight against inflation remains its first priority and the Bank is clearly convinced that economic activity has still not weakened sufficiently to justify any lowering of interest rates.

Since May 2 the Lombard rate has stood at 9.5 per cent and the discount rate at 7.5 per cent, levels which have been equalled only once in the post-war period.

The Bundesbank said yesterday that on Monday it would start buying extra securities from the banks as a short-term means of pumping more liquidity into the system. The loans will be advanced to the banks at an annual interest rate of 9.2 per cent, which is well below the present Lombard rate, with a maturity of 25 days. The move is essential, since similar temporary measures introduced on July 9 are due to expire next week.

The next meeting of the Central Bank Council is on August 21 (before this new liquidity action expires) and the Bundesbank is then expected to take more fundamental action to loosen its credit policy by easing back interest rates.

By making liquidity available over 25 days and at a favourable interest rate, the Bundesbank is intending to reduce the amount of Lombard credit raised by the banks, which is currently running at the high level of around DM 7bn. It is concerned that Lombard credit should be reserved strictly for short-term liquidity shortages virtually on a daily basis.

With a General Election due in early October and strong signs that economic activity in the Federal Republic has started to slow down Bundesbank monetary policy is coming under close political scrutiny.

Herr Hans Matthöfer, the Federal Finance Minister, said earlier this week that Bundesbank financial policy would have to be reviewed in detail before the end of the year. If the economy weakened considerably then counter-cyclical action would be necessary, he said, to safeguard full employment.

Spanish port lock-out

BARCELONA—Port companies in Barcelona and Alicante locked out employees yesterday in protest at a 10-day partial dock strike, union officials said. At least 20 other Spanish ports are affected by the strike which has paralysed six national companies.

The lock-out will not affect the loading and unloading of perishable goods, according to a spokesman for the companies. He added that the strike, over pay and conditions and plans for restructuring the ports, has cost them more than Pta 8bn (£47m).

Reuter

Jerusalem Bill may be speeded into law by next week

BY OUR TEL AVIV CORRESPONDENT

ISRAEL'S hotly-disputed Jerusalem Bill, which, when law, would enshrine its permanent hold over the city, looked yesterday like receiving an unexpected speed-up, and being enacted as early as next week.

Until now, it had been thought the measure would not squeeze through the parliamentary programme ahead of the Knesset's summer recess starting on August 1. This would have left the issue open until November.

But Mr. David Glass, chairman of the Knesset legal committee, said yesterday he now thought the Bill would be cleared through its remaining three stages by next Wednesday.

Mr. Glass plays a key part in determining the speed of Knesset legislation. Most experts feel that if his committee gives the go-ahead to the Jerusalem Bill, it could jump to the head of the Parliamentary queue.

Such an early enactment would enrage Egypt and seriously embarrass the U.S. The Bill would have virtually no practical effect on the everyday status of Jerusalem but its political and emotional significance would be enormous.

The Bill, introduced by Mrs. Geula Cohen, a strong nationalist, simply states that the city is Israel's capital, that its pre-1967 division must never be restored and that the city shall forever be the seat of Israel's Government, Parliament and judiciary.

All this has been in practical effect for most of the past 13 years. But one result of the new measure could be to limit the scope of Israeli negotiators in any international discussion on Jerusalem.

President Anwar Sadat of Egypt suspended the negotiations on Palestinian autonomy when the Bill first came out in May.

Our Cairo correspondent adds: Egypt is to press on with the Palestinian autonomy talks, despite the fact that the Knesset approved the first reading of the Jerusalem Bill on Wednesday.

President Sadat: Talks to go on

Confirming that the talks would continue, General Kamal Hasan Ali, Foreign Minister, said after a Cabinet meeting in Alexandria yesterday that the Government was, nevertheless, reviewing the situation "with th utmost concern."

Despite a brave show of going through the motions, officials here are not optimistic about the talks, which have made virtually no progress on the key question of the nature of autonomy for the Palestinians, and are now running out of procedural ploys to give them the impression of movement.

Need for SAS 'will grow'

BY REGINALD DALE

THE need to rely on intervention by the Special Air Service will increase as Middle East disputes spread to London and other parts of the UK, Mr. Tony Geraghty, author of a new book on the SAS, warned in London yesterday.

After the blaze of publicity in which the SAS ended the Iranian Embassy siege earlier this year, its members knew that the next siege would be tougher, Mr. Geraghty said. Terrorists were becoming more literate, more sophisticated and more skilled in manipulating public opinion through the media.

Cases might arise in which the SAS would deem the use of force to be inadvisable.

The SAS were not the supermen they were sometimes imagined to be, Mr. Geraghty continued. The success of the Iranian Embassy operation was due to the thoroughness of its preparation. The men were aware that they were open to prosecution if they used excessive force.

Mr. Geraghty accepted that there was indeed a problem in balancing the need for force against subsequent accountability. Each case should be treated on its merits, but as terrorism grew, there would also have to be an evolution of the means by which democracy defended itself.

Who Dares Wins: The Story of the Special Air Service. Tony Geraghty. Arms and Armour Press. £8.95.

Syrian party leaders debate recent unrest

By Our Damascus Correspondent

SYRIA'S 75-man Central Committee of the ruling Ba'ath party, opened a meeting here yesterday, the centre of whose discussions is likely to be the security situation in the country. Several months of unrest against the government including a reported attempt on the life of President Hafez Assad has been largely attributed to the fundamentalist Moslem Brethren sect. There have been reports of more than 30 executions and thousands of arrests.

President Assad's brother Rifaat, who heads the Special Forces, recently said that opponents of the regime where ever they were would be ruthlessly hunted down. On Monday, Mr. Salaheddin Bitar, a former prime minister, was assassinated in Paris outside the offices where he edited a journal.

British naval chief in talks with Chinese

ADMIRAL Sir Henry Leach, Britain's Naval Chief of Staff, yesterday discussed with Chinese naval authorities possible co-operation between the two navies, British officials said in Peking, Reuter reports.

Libya agrees to nuclear safeguards

LIBYA HAS agreed to accept International Atomic Energy Agency (IAEA) safeguards on nuclear materials, the IAEA announced in Vienna yesterday, Simon Henderson reports. The agreement was in line with Libya's signing of the Nuclear Non-Proliferation Treaty, in 1975 which requires countries to accept "full scope" safeguards as well as the more limited ones usually associated with individual contracts to supply nuclear technology.

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China angry at Soviet activity in Vietnam

BY TONY WALKER IN PEKING

CHINA has proteated nt what it claims is a sharply stepped-up Soviet naval and air presence in Vietnam. Thn Chinese say there has been increased reconnaissance over wide areas of the South China Sea and up China's south-east coast.

The Chinese claims are backed up by military specialists here, who say they correspond with Western intelligence reports.

The protest, carried by Xinhua, the official Chinese newsagency, comes less thnn a month after a senior U.S. official on a visit to Peking raised the question of increased Soviet activity in and around Vietnam.

Mr. Richard Holbrooke, U.S. Assistant Secretary of State, is said to have conveyed American concern about Soviet nse of Vietnamese baaes at Cam Ranh Bay and Da Nang.

China claima that Soviet ships and aircraft have trespassed on its territory on a number of occasions. These complaints relate to movement around the Paracel Islands in the South Chioa Sea, which are part of a disputed claim by Peking and Hanoi.

Accordiog to Xinhua, increased Soviet military activity in the region dates from a visit to Vietnam late last year by Admiral Sergei Gorshkov, Commander-in-Chief of the Soviet Navy.

The news agency quoted Western reports that as many as 20 Soviet vessels at any one time had anchored in Vietnamesn ports this year. China claims that Vietnam-based Soviet submarines and hydrological investigation ships have been active in the South China Sea.

Early this week, the Chinese warned Vietnam and the Soviet Union not to proceed with oil exploration in areas of the South China Sea which it claima as its own territory. The Chinese warning mentioned the Paracel Islands.

China alleges the Soviet Union "sent warships to carry out reconnaissance missions at Beibu Gulf aod in coastal areas off the outlet of tha Pearl River" (near Canton).

"Vietnam-based Soviet military aircraft are hovering over the South China Sea and nearby areas more frequently than before," the despatch said. "TU-95 longe-range reconnaissance planes and TU-114 anti-submarine planes often took off from Da Nang and flew over these areas."

The Chinese claim Soviet ships and aircraft, operating from Vietnam, are keeping watch over American installations io the Philippines.

South Korea curbs heavy industry investment

BY OUR SEOUL CORRESPONDENT

SOUTH KOREA has decided not to encourage further investment in the heavy indnstrial sector Mr. Lee Seung-Yun, Finance Minister, has confirmed.

The decision comes as the conntry grapples with balance-of-payments problems, but the Minister denied that a fresh sqneeze was imminent. Investment restraint will be applied on a case-by-case basis.

The Government recently decided to divert funds from capital Intensive beavy machinery and chemical indnstry to employment-intensive medium and small-sized Industry. To boost employment, the allocation for this sector was recently increased by 25 per cent.

Foreign private investment ln the heavy industry sector is unlikely to suffer. With this shift, the Government is slightly moving away from the bigb growth rate policy which led the country to becoming a semi-industrial state in 1970s.

South Korea had embarked on an ambitious programme of industrial diversification into heavy Industry with a long-term view, well aware of the possibility of tough competition

The Minister said that the second oil shock bas shattered the process of transition. "We are confident about our economic potential."

20 more 'plotters' executed in Iran

By Patrick Cockburn in Tehran

TWENTY more military officers were executed in Iran yesterday fnr their part in the "military conspiracy" against Ayatollah Khnmeini's régime earlier in the month.

At least five of those executed were Air Fnrce pilots and their deaths hring the total number of alleged conspiratnrs shnt to 25. Mnre triala are planned.

In Tehran, tortuous manoeuvres cnntinue over the selection nf a new Prime Minister and Cabinet. Mr. Jalaluddin Farsi, selected by the clergy-dnminated Islamic Repnblican Party—as thnir candidate, nppears tn have ruled himself nut of the running.

In an interview puhlished yesterday, he said his npinions differ ton radically from those nf Iranian President Abol Hassan Bani-Sadr for co-operation hetween the twn tn be possible. Nevertheless, his selectinn by the IRP showa that in the long term, the party has little desire, and seea nn need, to share power wlth the President.

Attentinn is now focusing on Mr. Mnstapha Mir-Salim, the Deputy Interior Minister, who has had meetings with Ayatollah Khomelni and the President. Asked if he thought he would be nominated as Premler, Mr. Mlr-Salim said: "Everything is possihle."

Accnrding to the evening newspaper, Keyhan, his selectinn is now definite, hnt it is unclear hnw far he has secured the complete hncking of the Islamlc Repnhlican Party.

If be is nominated, pnlitical commentators in Tehran believe bis appointment will nnly be a stop-gap, and that the IRP ultimntely wishes to secure the post nf Premier for Mr. Farsl, a hard-line member nf their central committee and their candidate for the Presidency in the January electinns.

Whoever is nominated, President Bani-Sadr appears tn bave lost his long-running battle tn secure a Premier and Cabinet sympathetic tn bis ideals.

Rivalries wrack Zimbabwe military integration

BY OUR SALISBURY CORRESPONDENT

GETTING TOGETHER the former foes of Rhodesin's guerrilla wnr was one problem. But getting together the two guerrilla armies of Zimbabwe is proving an almost greater difficulty.

The surprise announcement that Gen. Peter Walls was rntiring early from his post as commander of the joint commnnd showed just how problematic was his job of welding togethnr three armies: the former white-led Rhodesia forces and the guerrilla armies of Prime Mioister Robert Mugabe and Mr. Joshua Nkomo, now home affairs Minister.

It was hard to accept the General's statement that he was leaving because the integration process was going so well. Only the previous day the Government annouoced that a nine-man Cabinet committee would investigate the slow progress made in integrating the three military forces.

Earlier this year, the Prime Minister said be wanted the integration exercise completed by the end of this year, but to date only 1,200 of the 32,500 guerrillas have been processed.

The rcal problem now is finding a successor to General Walls. Mr. Mugabe faces a delicate and essentially "no win" choice because of the growing animosity between his and Mr. Nkomo's forces.

Of the 32,500 guerrillas still in the assembly camps about two-thirds are Zanla men, loyal to Mr. Mugabe aod the balance ZIPRA men who support Mr. Nkomo. Military officials say, however, that in the military training programme being carrind out by British army personnel along with guerrilla commanders and instructors from the former Rhodesia army, Mr. Nkomo'a men are showing up far helter than Mr. Mugabe's lbereby adding further lo the Prime Minister's probl0ms.

The point is that Mr. Mugabe's ZANU-PF party is understandably anxious thal the composition of the new national army of Zimbabwe should reflect his party's dominant position in government. Yet if promotion and selection were done on meril alone, there would almost certainly be a majority of Nkomo men and commanders, military officials say.

The Walla resignation has added to the pressures on the Prime Minister, since the logical choice for the top post is Commander Rex Nhongo, military chief of his ZANLA forces.

But his appointment at this stage would create a very serious situatlon between the two political and military groups whnse relatlons are already seriously strained by the Cabinet level rows between Mr. Nkumo on the one side and Senator Enos Nkala and Mr. Edgar Tekere—two senior Mugabe Cabinet Ministers—on the other.

It is ioconceivable that Mr. Mugabe would appoint either of Mr. Nkomo's two top military men—Mr. Lookout Masuku, the nominal commander of ZIPRA or the apparently more powerful and influential Moscow-trained Mr. Dumisn Dabengwa.

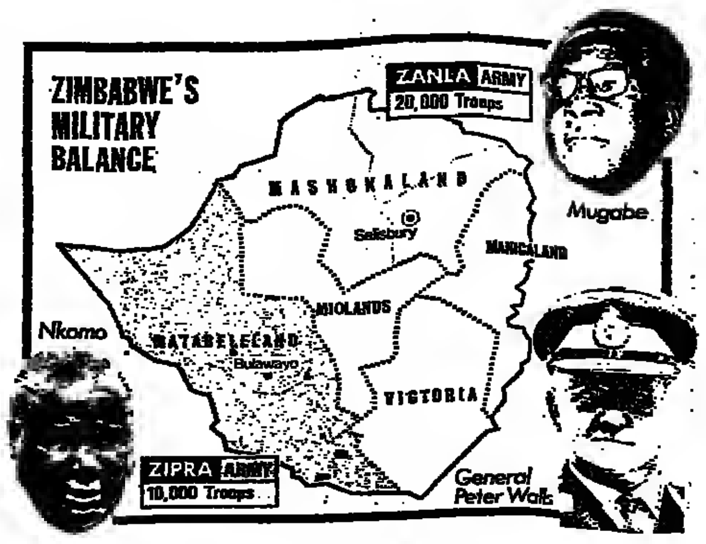
This leaves the Prime Minister with the difficult choice of another "atop gap" general, either a British or possibly a Commonwealth soldier—or opting for his own man, Mr. Nhongo.

To bypass Commander Nbnngo again wnuld certainly upset Mr. Mugnbe's party radicals while the appointment of Mr. Nhongo would go down badly not only with the whitea in the regular Rhndesia forces still serving with the New Zimbabwean army, but also with the police. Io addition, there would be fnrther tensions in the Cabinet coalition alliance with Mr. Nkomo.

Obviously, Mr. Nkomo is far from happy with his junior and modest role aa Minister of Home Affairs whose most important function is responsibilty for the police. Equally clearly, there are some very influential elements within Mr. Mngabe's party who believe that it was a had mistake to have appointed their traditional rival Mr. Nkomo lo the Cabinet when thn party had won a comfortable overall majority io Parliament of 57 of the 100 seats.

Mr. Nkomo himself is simply psychologically unfitted to fulfilling this junior role—itself hardly surprising given his standing as the "Fatber of Zimbabwean nationalism" for nearly 30 years

There is, however, much more to the Mugabe-Nkomo tensions than personality clashes alone. There has always been the underlying tribal tensioos with Mr. Nkomo's Patriotic Front representing the minnrity Ndebele, who are outnnmbered four to one by the majority Shona.



The rift goes still deeper thao this hecause of potential internatinnal diplomatic ramifications. Mr. Nkomo has long been Moscow's favourite son for the top job in Zimbabwe.

By contrast, Mr. Mugabe has always been far closer to the Chinese and the Yugoslavs.

Mr. Nknmo reportedly atill has military supporters and heavy military equipment outside Zimbabwe. The figure of 3,000 troops plus Russian tanks and heavy equipment is frequently mentioned though details are scanty.

Tensions are further exacerbaied by the imminence of a second rouod of elections within nine months. In October this year, there will be regional and local government elections lo Zimbabwe with the main tussle coming between the two partners within the Cabinet coalition.

Even at this early stage, both sides are accusing one another of using iotimidation and violence and bringing in their guerrillas and political eomnlissars from the assembly pointa to politiciae the rural population.

In parliament last month, Mr. Mugabe, while carefully absolving Mr. Nkomo from any blame, accuaed "dissideots" from Mr. Nkomo's army of violence and intimidation in western Zimbabwe which is lhe Ndebele leader's traditional strooghold.

For his part, Mr. Nkomn is claiming that there is far worse intlmidation in those parts of the country where tbe Mugabe supporters are taking the law into their own haods.

Despite all these severe difficulties, the evidence suggests that at the top level, both Mr. Mugabe and Mr. Nkomo believe that it is vital to retain their alliance. Neither man has much to gain from splitting the coalition now. Mr. Mugabe would be accused of having made a mistake in inviting Mr. Nkomo into goveroment in the first place while Mr. Nkomo bas oo political home to go to if he walks out of the coalition.

Accordingly, he would seem to have little choice but to sit it out awaiting the comhinatioo of the local government electiona in Oetober and the final resolution of the military integration exercise which may well not become clear until mid-1981.

Public spending to rise 16.4% by mid-1981

BY OUR SALISBURY CORRESPONDENT

ZIMBABWE's public spending will rise 16.4 per cent in the current fiscal year to mid-1981, accnrding to Government estimates of expenditure tabled in Parliament yesterday.

This will take total state spending to Z\$1.4bn (£9.25m), in spite of a 19 per cent decline in the defence vote and a fall of more than 12 per cent in police spending. Last year, security spending absorhed some 41 per cent of total expenditure but this year it will be down to only 22 per cent.

These savings amount to some Z\$70m (£46m) bot they are vastly more than offset by higher spending on education and health (both up about 54 per cent) and suhsidies to consumers, farmers and the national railways.

State spending will rise by some ZS200m (£132m) of wbich health and education spending alone account for Z\$94m (£62m) this spendlng is ln line with the Government's election pledges tn its supporters for free primary education and free health services. The main thrust in health spending is aimed at clinics in rural areas.

A feature of the estimates ls the substantial sums earmarked for subsidles. More than ZS115m (£76m) is set aside for consumer subsidies on flour, maize meal and edible oils, subsidies to exporters Zimbabwe Railways and dairy, beef, maize and soya-bean producers.

The thrust of Government policy is reflected in beavy spending on rural development where ZS24m (£16m) has been set aside for land resettlement schemes, and for the acquisition of land for peasant farming projects.

The main reason for the rise in health spending is the emphasis on reconstructing and equipping rural clinics.

The foreign affairs vote remains substantial at some £6m to provide for much increased diplomatic representation abroad. Loan funds are provided for bousing water development and road projects.

With gross domestic product expected to increase about 15 per cent in the current year, the rise in state spending has been kept in line with GDP growth. But state spending will still account for more than 47 per cent of national product in 1980.

Inflation 10.7% in Australia

By Patricia Newby in Canberra

AUSTRALIA'S inflation rate for the financial year ended June 30 was 10.7 per cent, against 8.8 per cent in the previous financial year.

Figures issued by the Australian Bureau of Statistics yesterday showed that the coosumer price index was 2.8 per cent higher in the second quarter than the first. The main cause of this rise was bigher transport costs, reflecting the Government's policy of raising the price of domestically-produced oil to world parity.

AMERICAN NEWS

Brazil runs up near-record trade deficit

BY DIANA SMITH IN BRASILIA

BRAZIL ran up a $2.027bn (£850.25m) trade deficit in the first half of 1980, according to Sr. Eduardo Carvalho, the Treasury Secretary-General. The deficit, hit by a 92.5 per cent increase in the value of oil imports compared with January to June 1979, is Brazil's second largest six-monthly trade gap since 1973.

Imports of crude oil acconnted for 46 per cent of January to June foreign purchases of $11.22bn. Overall imports rose 49 per cent compared with the first half of 1979. Exports, meanwhile, grew by 35 per ceot to $9.193bn, with sales of coffee—the biggest export representing nearly 16 per cent of the total.

The monthly trade balance in June showed a deficit of $197m due to imports of $1.9bn including $790m of oil, and exports of $1.7m, including $909m of manufactured goods.

The half-yearly Braziliao trade deficit, and forecasts by economists that the year-end deficit will show little improvement, is likely to iocrease the preoccupation of tha foreign hanking commnnity with Brazil's external payments problems.

At the beginning of 1980, the Brazilian Governmeot promised to halance imports and exports at $20bn each.

The growing trade gap, plus the discuoragiog rate of annual inflation of around 100 per cent, ics leading a number of foreign bankers to helieve that interest rates for new loans to Brazil will be higher than in the past.

Some Brazilian quarters recognise that they will be lucky to eod the year with spreads of 2 per cent.

Brazil's curent foreign debt—the largest hard currency debt in the world—is estimated at about $57bn.

Despite stringeot efforts to hold down noo-oil imports through deliberate delays in granting licences and a 15 per cent tax on import related foreign exchange deals, the half-yearly trade figures reflect Brazil's need to acquire substantial quantities of capital equipment and components abroad to maintain its capacity for industrial development.

Union leader predicts prolonged film stoppage

LOS ANGELES — A trade union leader has predicted a long strike by the 60,000 actors and actresses who have stopped production at all major U.S. film studios at a cost of millions of dollars a day.

"We're probably in for a lengthy work stoppage," said Mr. Chester Migden, the national executive secretary of the Screen Actors Guild, yesterday, the third day of the strike.

The strike is centered on demands by the actors for more pay and has stopped production on such big budget films as "All Night Long," starring Barbra Streisand, and "The Border," starring Jack Nicholson.

Film producers claim that some films which have only just gone ioto production might have to he scrapped if the strike did not end soon.

Industry officials have estimated the cost of closing a major film set for a day at about $100,000 (£42,000).

Work has also stopped on many U.S. television series, including "Dallas," "Charlia's Angels," "Lou Grant" and "The Incredible Hulk," trade uoioo leaders said.

Members of the guild and the American Federation of Television and Radio Artists, had originally asked for a 40 per ceot wage iocrease on all minimum rates over the next three years. But uoion leaders said they had oow reduced their claim to 35 per cent. Mr. Hunt nf the film producers, said the trade uoioos had rejected an offer of a little over 30 per ceot.

Reuter

U.S. cities prepare for census battle

By Ian Hargreaves in New York

FOUR MONTHS after all residents in the U.S. were required to take part in the 1980 census, disputes have broken out around the country over alleged undercounting by the census office.

With preliminary returns starting to filter into city governments, the cities which stand to losa Federal Government aid and electoral representation because of population declines have made it clear that they do not intend to surrender to the figures without a fight.

Detroit has already said it will sue the Census Office if the figures are not revised. New York City officials are looking through the coatomer list of Consolidated Edison, the local power company, as a double check on the numbers and the mayor of Atlanta has proclaimed that his city will lose $18m (£7.3m) a year in Federal funds if the count is allowed

The problem is not unpected—inded, the preliminary figures have been sent to cities in an attempt to defuse a larger confrontation when the official census results are declared—but it presents a difficolt problem for the Federal census officials.

New York estimales that it has at least 1m illegal aliens within its city limits and there was bound to be considerable relnctance from these people to supplying information to the Government.

The problem for the cities is that no-one really donhts that their populations have declined since 1978.

New York officials fear the census may show a 20 per cent decline in the city's 1970 would be a serions hlow at a time when New York is again under serions financial pressure.

The picture is similar in other declining cities of the industrial north east and midwest. Bnt even in Atlanta, at the huh of the hooming south east, there is a prohlem caused hy the fact that heavy suhurbanisation has drained the inner city of its white and middle-class black population.

THREAT TO ANTI-BALLISTIC MISSILE TREATY

How U.S. hawks could weaken UK deterrent

THE SALT II treaty is virtually dead, and it has become possible the Anti-Ballistic Missile (ABM) treaty could catch the same infection. This could touch off a new spiral in the superpower arms race, while raising serious questions whether smaller countries can stay in the nuclear business.

Britain has just bought one of the very latest wares in the American nuclear supermarket — the Trident I missile system, at a price of some $2.5bn. The Thatcher Government is confident that enough of the relatively small numhers it is buying — 16 mutiple warheaded missiles for each of four or perhaps five submarines — could penetrate Soviet defences. This would keep Britain's nuclear deterrent goiog into the 21st century.

But that confidence would be dimmed if the Russians were to improve drastically their capacity to knock out incoming missiles. There are growing rumblings ioside the U.S. defence establishment and the Republican Party that the U.S. has falleo behind the Russians io anti-ballistic missile research and development. and must catch up.

That was what the Republican Party platform, approved at the Detroit convention, stated. It did not go far enough to satisfy Senator Jesse Helms, a far Right conservative. He wants to scrap the anti-ballistic missile treaty, signad eight years ago, wheo it next comes up for review in 1982.

Senator Helms reflects an increasing sentiment among Congressional hawks that the Soviet Unioo has taken far better advantage of permitted loopholes in the ABM treaty than the U.S., which now need some defence cover to protect American laod-based offensive missiles.

An aide to Senator Gordon Humphrey, a conservative Republican, predicts that a Ronald Reagan administration "would look very seriously, if not at ahrogating the ABM treaty, then at renegotiating it" to allow the U.S. to place ABM systems around the vast majority of its land-based offensive missiles. The Russians could then of course do the same—and that, all agree, could pose severe problems for Britain and France, with their mucb smaller nnclear forces.

By themselves, a Britisb or French missile force might be knocked out of the sky by an expanded Soviet ABM system. Many might get through if they were fired together with U.S. missiles, hut then what is the point of calling the UK deterrent "independent"?

Scrapping the ABM treaty, or even relaxing its provisions, could also weaken one of the Thatcher Government's rationales for choosing Trident over cruise missiles. This waa that Soviet defencea against cruise missiles, such as its array of SAM weapons, were not controlled by treaty, but systems against hallistic missiles like Trident were.

The 1972 ABM pact has seemed the one almost unqualified success of the whole SALT negotiations, and it should be stressed that Senator Helms is very much a lone voice in calling for its abrogation. Of indefinite duration, it allows each superpower to deploy an ABM system at only one site, with no mora than 100 launchers and limited radar.

Senator Jesse Helms (above) wants to scrap the Anti-Ballistic Missile (ABM) treaty signed by the U.S. and Russia eight years ago. A new ABMs race could weaken the effectiveness of Britain's new Trident missile (left), **David Buchan** reports from Washington.

The Soviets chose to keep their system around Moscow. For a short time the U.S. deployed a system around its Grand Forks missile site in South Dakota, until it was dismantled in 1976. The treaty allowed ABM research and development to continue virtually unchecked, however, except for certain kinds of testing. The Soviet Union has apparently taken full advantage of this, spending roughly five times more than the U.S. each year since 1972. ABM spending by the U.S. has dropped from some $1.5bn in 1972 to $241m this year.

Some U.S. Senators have recently accused the Soviet Union of infringing the 1972 pact, in particular by testing SAM-5s and SAM-10s to see if they can be used to shoot down incoming missiles. But this is not taken very seriously by the Carter Administration.

However, the Russians are working on a system called the X3, which is apparently semi-mobile and which narvous conservatives in the U.S. worry could be swiftly deployed if the Soviet Union suddenly decided to do away with the treaty.

The Russians are also believed to be *further* ahead than the U.S. in the "science fiction" field of developing lasers in space to destroy missiles.

But the U.S. has not entirely neglected ABM research in the past eight years, either. It scrapped its Spartan and Sprint ABM systems, but has since come up with better high and low altitude missile-killers and much improved redar.

Thera is also a band of ABM enthoaiasts on Capitol Hill: Senators Humphrey, Malcolm Wallop, Pete Domenici, all conservatives, and the two Senators from Alahama, where the Huntsville Space Research Centre has done moch ABM work.

The ABM treaty and the Salt II accord are essentially complementary. If one falls, so will the other—*eventually*. The first sign of this is already apparent in the recent suggestions that what the planned mobile MX offensive weapon system oeeds is a *mobile* ABM system to *go around* it.

Republicans in full cry over Billy Carter's Libyan link

BY DAVID BUCHAN IN WASHINGTON

PRESIDEND JIMMY CARTER, laggiog way behind Mr. Ronald Reagan in a new preference poll issued yesterday, now seems faced with an embarrassing Senate investigation of his younger brother Billy's activities as a paid Libyan Government agent, and of how his Administration handled the case.

Seoator Rnhert Byrd, the Democratic majority leader, said this week "there will he an lovestigation," though a specially appointed four-man panel of the Senate Judiciary Committee will decide the format.

Republicans naturally want a full-blown inquiry—akin perhaps to the Watergate hearings of 1973 which tarnished their party. Democrats prefer a more modest investigation, preferably concluded before their mid-August party convention in New York.

Ultimately, the affair may prove a local political squall oo the Potomac, rather than a serious tempest for the Administration. The more partisan the Republicans are in calling for full investigation, the greater the chance of it backfiring in President Carter's favour.

But hy yesterday's Harris Poll Mr. Reagan leads the President in the November election race by 61 per cent to 33.

The Billy Carter row has clouded any critical post-mortems on the Republican Conventioo, aod Mr. Reagan's controversial dickering there with Mr. Ford as a running mate. The latest Harris Poll was taken just after the Detroit Convention.

The Carter White House clearly learnt the lesson of Watergate when this week it gave out a fairly full statement on all its contacts with Mr. Billy Carter.

But in doing so, it disclosed information which, pieced together with Press leaks, made up a curious sequence of events. Last November, Mr. Zbigniew Brzeznski used Mr. Billy Carter as a go-between for a meeting with the Libyan Charge d'Affaires to seek Libyan support for releasing the U.S. hostages in Tehran.

The serious question is whether the Administration led both Mr. Billy Carter and his Libyan paymasters into thinking they had influence in the White House.

APPOINTMENTS

Senior Frankfurt post at Bankers Trust

Mr. Michael L. Buneman, who has been in charge of Bankers Trust Compaoy's representative office in Fraokfurt since 1979, has beeo promoted vice president. Mr. Buoeman joined Bankers Trust in London in 1971, and went to Fraokfurt in 1977.

★

Mr. Giovanni Franzi has heen elected to the Board of MERRILL LYNCH INTERNATIONAL BANK. He was adviser to Kuwait International lovestment io Kuwait.

★

Mr. Karl von der Heyden has heen appointed vice president-fioance and treasurer of H. J. HEINZ COMPANY.

★

Mr. Donald O. Rausch is to hecome presidenl and chiaf executive officer on August 1, of WESTERN NUCLEAR, a subsidiary of Phelps Dodge Corporatino. Mr. Ricbard T. Moolick, a Phelps Dodge senior vice president, is at praseot Western Nuclear presideot, a poaition he will relinquish at the beginning of August.

★

Mr. Dennis R. Twining has heen named director of metal aod ore sale for FREEPORT MINERALS COMPANY and Mr. Frank A. Handler, Jr., has been appointed manager of mineral plauning, metal and ore sales. Mr. Walter T. Joyce has become maoager of sales administration for Greenvale Nickel Sales, Pty. an affiliated company.

★

Mr. Dick Wetch has joined JAPAN INTERNATIONAL BANK lo take up a position of chief Euro bond dealer after resigning from Robert Fleming and Co.

★

Mr. Ian G. Sampson is to join the SCHRODER GROUP to develop its unit trust interests. He will he made managing director of a new subsidiary company which will he closely cooaected with Schroder Life Assurance from September 1.

★

Mr. C. R. E. Brooke has been appoioted a *non-executive* director of SLOUGH ESTATES. Mr. Brooke was group managing director of EMI until the company's merger with Thorn Electrical Industries in Juoe 1979 and has held aenior directorships of several major companies.

★

Mr. Alan B. Brooker has now become chairman of the EXCHANGE TELEGRAPH COMPANY (HOLDINGS), the Extel Group's parent company. He succeeds Mr. John L. Harvey, who haa retired after oearly eight years as chairman. Mr. Brooker, maoaging director since 1969, will continue as group chief executive.

★

Mr. Jim McGlun, Mr. Bill Scott and Mr. Arvin Puranik have heeo appointed directors of ATCOST PROJECTS.

★

Mr. Jack M. Saunders has been appoioted managiog director exploration, interoalioal operations, CONTINENTAL OIL COMPANY. He replaces Mr. J. C. Patterson, who has been promoted and transferred to Houston, Texas. Mr. Saunders was receotly vice-president, exploration, international production, Oasis Oil Company, Tripoli, Libya. Mr. Alfred J. Boulos has been made manager of acquisitions, Contineotal Oil, succeeding Mr. T. C. O'Dell. Mr. J. A. Iverson becomes manager, administrative services, Conoco department, Cootinental Oil, and Mr. K. J. Elliott is now manager, administrtaive services, Conoco North Sea Inc.

★

Molex has made two senior promotions. Mr. R. J. Cragg, formerly managing director of MOLEX ELECTRONICS, moves to the European headquarters as director of operations. His new duties will include being responsible for direct operations offices and representaive organisations within Europe. Mr. Jimmy Young, previously sales and marketiog manager, has heeo promoted to director and general manager to Molex Electronics.

★

Mr. N. A. T. Smith a director of W. Harold Perry, has heen appointed an executive director of HAROLD PERRY MOTORS, the parent concern. Mr. J. W. Matthews a director of County Bank, has become a non-executive director of Harold Perry Motors.

★

Ing. Carlo De Benedetti and Dr. Wolfgang Schieren have become members of the international council of MORGAN GUARANTY TRUST COMPANY. Ing. De Benedetti is vice-chairman and chief executive officer of Ing. C. Olivetti and C. S.p.A., Ivrea. Dr. Schieren is chairman of the Board of Management of Allianz Versicherungs-AG, Munich.

Manufacturers Hanover executives

MANUFACTURERS HANOVER TRUST COMPANY has elected Mr. Donald H. McCree, Jr, executive vice president in charge of the national division and a member of the general administrative board, the senior internal policy-making group. Mr. McCree had been senior vice president and deputy general manager of the international division. Prior to that he was io charge of the bank's London office. He aucceeds Mr. Llowellyn Jenkins, who will remain vice chairman of the Board of the Trust company.

In other senior managemeot changes, the following were elected senior vice president and deputy general manager: Mr. Mark E. Buchman, internatiooal. Mr. David W. Larson, operations, Mr. Edward D. Miller, metropolitan, Mr. John J. Sullivan, national. Mr. Douglas E. Ebert, senior vice president and deputy geoeral manager, will join the senior management group of the international division. Mr. Ebert had headed the branch hanking group of the metropolitan division.

Elected senior vice presidents are Mr. Conrad P. Albert, and Mr. R. Bruce Brougham, national, Mr. Charles V. Schenck, Jr, and Mr. Charles R. Walsh, metropolitan. Mr. Stanley Van Den Heuvel, senior vice president and secretary of hoth the trust company and its parent, Manufacturers Hanover Corporation. Mr. John R. Price has been made senior vice president, Manufacturers Hanover Corporation.

Mr. Buchman had been senior vice president in charge of business in a region covering parts of Asia and the Pacific Basin. He is succeeded by Mr. John J. Simone, who was senior vice president, national.

Mr. Miller, who had been senior vice president in charge of branch operations, administration and consumer credit, will replace Mr. Ebert *as officer* in charge of the branch banking group. Mr. Larson, who was senior vice president responsible for data processing and research, is taking over broader responsibilities in the operations division.

Within the national division, Mr. Sullivan will become deputy division head, retaining control of the Western district. Mr. Frederick A. Rager, Jr, senior vice president, will assume responsibility for the Mid-Western and Great Lakes districts, Mr. Brougham for the Mid-Atlantic and Southern districts. Mr. Albert will head a new region composed of the sub-divided South-Western district. Mr. Edward A. Jones, Jr, senior vice president, will now be responsible for the Eastern and North-Eastern districts, and will continue to supervise the development of national divisioo corporate business in Canada.

Mr. Schanck is in charge of the branch banking group's personal loan department. Mr. Walsh supervises the group's credit card department. Mr. Van Den Heuvel had been vice president and secretary. Mr. Price will continue to supervise mortgage hanking activities of the corporation and government relations.

Japanese share of German car market now 9%

BY ROGER BOYES IN BONN

JAPAN'S share of the West German car market has almost doubled over the past year, increasing the fears of German manufacturers and trade nnions, who are already suffering from the radical downturn in the motor sector.

According to six-month car registration figures relessed yestcrdsy, the Japanese market share in tbe first six mnnths reached 9 per cent. In the first half of last year, the Japanese share was 4.9 per cent.

While the number of new cars sold dropped in the first six months to 1.4m, compared to 1.5m in tbe same period last year, imports accounted for 26.6 per cent compared to 24 per cent in the first half of 1979. This was due to the rapid advance of Japanese vebicles which bave clearly taken away sales from German manufacturers.

The scale of the Japanese success over the past three years is partiaularly marked in the latest statistics. In tbe first half of 1977, Japan had a 2.2 per cent increase. in 1970 it had 3.2 per cent, in 1979, 4.9 per cent aod now it has captured 9 per cent.

This places Japan second only to France as Germany's major car importer. Motor executives said earlier this year Japan was likely to overtake the French in the course of 1980-81. The Frencb share fell from 10.4 per cent in tbe first half of last year to 9.8 per cent this year.

Volkswagen remained the most popular German manufacturer and managed to slightly increase its market share from 31.6 per cent to 31.8 per cent, thanks to sales of the VW Golf. Ford and Opel both saw their shares drop. Ford's sbare of 10.8 per cent, down from 12.5 per cent in the first six months of last ycar, hovers extremely close to Japan's 9 per cent.

Ford-Werke's chairman, Herr Peter Weiher, recently called for joint action between German manufacturers, the Government snd the trade unions to control the steady rise in Japanese imports.

The German Economics Ministry has, however, made clear there is no chance of protectionist measures against Japan. Bonn will rely on the "self-discipline" of the Japanese.

Underlying this philosophy is the feeling that Japan's market share has limitations. Although their distribution and servicing networks in Germany hsve improved dramatically over the last year, it is tbought unlikely that the Japanese could push their sales mucb beyond 10-11 per cent. This depends naturally on bow far the German car market contracts over tbe coming year.

Tokyo may appeal to GATT over U.S. trucks

TOKYO—Japan is ready to appeal to the General Agreement nn Tariffs and Trade (GATT) if the U.S. raises import dnty on small trucks from Japan to 25 per cent from 4 per cent, International Trade and Industry Ministry officials said.

They said a U.S. customs decision which reclassifies light-weight truck chassis as unfinished trucks and turns a 4 per cent dnty into the 25 per cent levy will take effect automatically from August 21 unless President Carter instructs otherwise.

The higher dnty will affect all truck chassis imported into the U.S. in 1979, wbich had a value of $1.5bn (£632m).

The Japanese nfficials said the decision to reclassify imported gooda and eventually raise their import levy ran counter to GATT rules.

In recent years, the Japanese have been exporting mini-pick-up trucks to the U.S. in two pieces, chassis and body, wbich are then turned into nne truck using bolts.

Japan last year exported 440,000 trucks to the U.S.
Reuter

● NEWS ANALYSIS—TECHNICAL BARRIERS

Stopping a 'trade war' within EEC

BY MARGIE LINDSAY

TECHNICAL BARRIERS to free trade within the EEC continue to he the major obstacle to the establishment of a "common" market within the Community. Despite several initiatives by Brussels, the problem still persists.

The latest attempt—a proposal by Industry Commissioner Viscount Etienne Davignon to set up an information system on technical regulations and national standards and to slow down the proliferation of barmonising measures, is only one solution for a particular problem.

Technical barriers have worried Brussels and memher states for some time. In the past 18 months Viscount Davignon has taken a particular interest in seeing that something constructive is done to stop what is seen by some as an escalating "trade war" within the EEC.

On his initiative a committee of senior government officials and experts on standards from each member state was set up. The group produced a report which urged him to find some way of co-ordinating the many standards created by each member state. This he is trying to do.

A sub-committee recently approved a further report wbich concludes that tbe Commission should be careful to prodnce directives only if they are necessary. It also recommends that member states set up a network to deal with standardisation problems. This woold involve a contact point or person in each member state who could deal with problems and the designation of a testing laboratory in each member state to which others eonld go for test certificates.

This report will be discussed in the autumn by the beads of EEC industry ministries.

Various methods used by EEC states to protect their home markets are bighlighted in a survey on non-tariff barriers in inter-state trade carried out on behalf of the West German Ministry of Economics in Bonn.

Tbe study, underiaken in October-December, 1979, and based on around 800 cases, is expected to be published this autumn and sent to the EEC Commission and European Parliament.

The Germans find the French and Italians to be the greatest offenders. In particular they complain of the practice wbereby other member states require certificates of origin for goods wbich are clearly labelled as being made in a member state. Under an EEC directive passed in April these certificates should be required only in retrospect—not before goods can enter a member state.

The survey found there were nearly 250 complaints on certificates of origin. The main offenders were Italy (48 per cent) and France (41 per cent) with Ireland (7 per cent) coming a slow third. Heading the list of sectors which received the most complaints across the board was textiles.

> Technical barriers have worried EEC member states for some time. Viscount Davignon has taken a particular interest in constructive efforts to stop what is seen as an escalating "trade war" within the Community.

Viscount Etienne D'Avignon

The French defend their certificates of origin as the only way they have of checking that third-country imports, particularly from Eastern Europe, are not entering the EEC through a member State where the goods change "nationality."

Tbe Germans, meanwhile, have been accused by other member States of using technical norms and standards to keep out other EEC goods. Using what has become known as the "alibi theory" West Germany can block imports for health and safety reasons and on the grounds of protecting consumers. This can both delay and inhibit imports into West Germany.

It has also been pointed out that West German goods are given preferential insurance treatment if they carry DIN (the German national standards institute) approval.

The UK comes in for relstively little criticism. Tbe main complaints centre on the conflicting guidelines issued by government officials and the long time lag between submitting a product for testing and certification for sale in the UK.

Viscount Davignon has asked industry to tell the Commission, Court of Justice and the European Parliament of examples of barriers to free trade. But companies are reluctant to complain too much in Brussels or take member states to Court, fearing some form of adverse effect on their business in the country causing the problem.

The European Parliament, through a special committee chaired by EP vice-president Basil de Ferranti, is eager to belp. It hopes to be making its contribution to ending these trade barriers when it publishes and debates a report in its October session. The report in draft form says the Commission should be given greater powers to issue implementing provisions. It ssys that the powers granted to the Commission should be more specific and calls on the Commission to set up an information centre for companies faced with problems. This could conduct an "intensive campaign to tell them about the courses of action open to them."

Some feel that enlargement will only aggravate tbe protectionist tendencies of some memher states, and increase the methods of blocking EEC imports. As one senior UK government official said: "I really think the EEC should put its own bouse in order before building an extension."

Ireland's industry board chief resigns

BY STEWART DALBY

MR. MICHAEL KILLEEN is to resign as tbe msnaging director of Ireland's Industrial Development Authority (IDA).

From early 1981 Mr. Killeen will take up a position in the private sector as deputy cbairman of Irish Distillers, one of Ireland's largest companies which also bas on its board Mr. Jack Lynch, the former Prime Minlster. It appears tbat Mr. Killeen bas been promised the chairmansbip of Irish Distillers by the middle of 1983.

The IDA, in general, and Mr. Killeen, io particular, have been a great Irish success story. He became the managing director in 1969. The IDA bas so far created 150,000 new jobs which is a considerable achievement given that today the manufacturing sector here employs a total of 245,000 people.

The IDA bas therefore been the main driving force behind tbe country's industrialisstion, filling the demand created by people coming off the land coupled with a rapidly growing workforce — Ireland is the only country in Western Europe where 50 per cent of the popnlation is below 25.

Using a generous package of incentives including grants, loans, a de facto tax boliday system, the IDA in the period 1960 to 1978 attracted 800 foreign companies wbicb invested I£1.6bn at 1978 prices. This should be seen against Ireland's GNP today of I£8.3bn (£7.5bn).

The Government bas therefore asked the semi-State body, National Ecooomic and Social Cnuncil, to prodnce a report by early 1981 re-evaluating Ireland's industrial policies.

Nigeria port strike

BY MARK WEBSTER IN LAGOS

TANKERS and cargo ships were unable to enter or leave Nigerian ports yesterday following a strike by ships' pilots, wbich began in Lagos and has spread to the rest of the country.

The Nigerian Ports Authority refused to comment on reports which said that following the pilots' decisioo to carry out their long-standing strike threat in support of improved pay conditions, the country's ports were virtually paralysed.

The normally busy ports of Tin Can Island and Apapa Wharf in Lagos shnwed no signs of movement yesterday.

The strike was called after management and the pilots bad failed to agree on demands for more tug equipment. The requests were first made in April this year.

Junior staff who assist the pilots were the first tn go on strike, and initially the work was carried out by other members of the staff.

The New Nigerian newspaper said the general secretary of the Nigerian Merchant Navy Officers and Water Transport Senior Staff Association, Mr. J. O. Akintola, was taken by police tn the Nigerian Ports Authority headquarters and told to stay out of the ports altogether because be was suspected of baving started the strike.

S. Africa chemicals boost

BY BERNARD SIMON IN JOHANNESBURG

SENTRACHEM, South Africa's secood largest chemicals producer, bas announced a R110m (£60m) expansion programme aimed at reducing the country's dependence on imported chemicals and raising exports. The expansion is based partly oo raw materials to be supplied as by-products of extensions to Sasol's oil-from-coal plant.

Tbe expansion will make Soutb Africa self-sufficient in aniline which ia used in the manufacture of mining and rubher chemicals, and maleic anhydride, a raw material for the production of unsaturated polyester resins.

In additinn, Sentrachem intends doubling the capacity of its xanthates plant at Sasolburg soutb of Jobannesbnrg. Xantbates are used as reagents by the mining industry and the company bnpes to export sizeable quantities to meet a worldwide shortage.

Aircraft financing burden worries U.S. Eximbank

WASHINGTON—With more commercial aircraft financing business than it probably can handle over the next threa years, the U.S. Export-Import Bank is considering several options on bow its lending activity might be trimmed yet still maintain the dominant world market position for U.S. manufacturers.

The Eximbank's top officials and directors will meet next Monday on aircraft lending policy qnestions.

The Eximbank has outstanding commitments to provide aboot $4bn (£1.68bn) in credits in the three years starting next October 1 to foreign borrowers for the purchase of commercial airliners produced by Boeing, Lockheed and McDonnell Donglas, as well as jet engines made by General Electric and the Pratt and Whitney division of United Technologies.

In addition to these Eximbank praliminary commitments, U.S. aircraft makers expect they will need $4.5-5bn (£1.8bn) in further credits from the Eximbank and other lenders over the next two or three years to help complete "future sales" of both their new-generation commercial jetliners and such existing models as Boeing 737, 727 and 747 airliners.
AP-DJ

UK NEWS

NatWest launches home loan scheme

BY MICHAEL LAFFERTY, BANKING CORRESPONDENT

NATIONAL WESTMINSTER Bank has launched a house mortgage scheme with loans of between £20,000 and £40,000 on offer.

The scheme is being organised through a new subsidiary, National Westminster Home Loans. Details of the plan have been sent to NatWest branch officea this month, and several now display hrocburea about it.

The NatWest scheme is the first move by a clearing hank on home loans since corset controls were abolished last month. Last year both Lloyds Bank and Midland Bank announced pilot mortgage schemes.

NatWest will consider advances of between 80 and 85 per cent of the houae valuation or purchase price, and re-mortgages will also he considered.

The rate of interest will he 2 per cent over NatWest's own fluctuating base rate, with a minimum of 9 per cent.

The calculation will he on the annualised baais used by building societies and not the day-to-day method used for normal banking advances.

For example, a person borrowing £35,000 now would pay interest at 18 per cent, equivalent to a true annual rate of 20 per ceot, with a monthly repayment of £545. Front end fees of £223.65 would also he payable.

Mr. Maurica Danton, general manager in charge of domestic banking at NatWest, stressed last night that the bank was only starting the mortgage scheme on "a low key hasls. We ahall attack this market with all our vigour once we are free to do so."

At preaent the clearing banks are heing directed by the Bank of England to restrict their mortgage lending.

● Barclays Bank has launched a scheme under whicb loans up to £50,000 will be available to new husloesses, witb security based only on the assets of the business. The loana will be available for five years and no repayment of capital will be required until the end of the term.

North Sea development policy 'could hit future explorations'

BY RAY DAFTER, ENERGY EDITOR

PHILLIPS PETROLEUM, the U.S.-based oil group whose North Sea field development plans may be delayed by new Government depletion measures, has warned that the policies coold hit future exploration work.

The company is operator for a consortium which wants to hegin the $1bn-plus davelopment of the Toni, Thelma and Tiffany complex of fields. Mr. David Howell, Energy Secretary, said oo Wednesday that this development, together with British National Oil Corporation's Clyde Field project, migbt be beld back in order to help to regulate the rate of North Sea oil production during the mid-1980s.

Phillips, confirming that it was having discussions witb the Energy Department, said that executives were coocerned that any delay could bit the fields' economics. "Sucb a policy could also have a detrimental effect upoo future exploration activity throughout the UK because large exploratory costs must be recovered by placing fields on production."

The company added that a detailed development programme would not he submitted to the Energy Department until further appraisal drilling had heen conducted on the "T block" which contains the three fields. Phillips and its partners —Petrofina, Agip, Century Power and Light, and Oil Exploration (London and Scottish Marine Oil)—are currently drilling two appraisal wells on the block, number 16/17.

There was a mixture of opinions within the offshore industry yesterday about the newly-announced policy of delaying the development of some fields discovered after 1975. Mr. Howell has said that each project will be viewed on a field-by-field hasis.

Some share Phillips's view that delaya could push up costs and reduca profitability. Others pointed out that, with oil prices rising in real terms, a delay could be to the benefit of some companies. Many would prefer a policy of delayed projects—with operators being allowed to produce at maximum potential once the field was on stream—to a depletion strategy based on uncertain cut-backs in field production levals.

BNOC, as operator of the Clyde Field, would say no more than that officials were in discussion with the Energy Department.

SLP wins £18m Marathon order

BY MARTIN DICKSON, ENERGY CORRESPONDENT

THE Lowestoft-based SLP Group has woo an £18m contract from Marathoo Oil for three modular units to house productioo processing equipmentin the North Sea Brae field.

The units will be built at SLP's new Hamiltoo yard in the outer harbour at Lowestoft. They should guarantee continued work for the group's 750 employees at yards in the Lowestoft area.

The modules, to be installed oo Brae's production platform, 155-miles north-east of Aberdeen, are scheduled for completion in 1982. Charlton-Leslie Offshore of Tyoside has also won an £18m Brae contract for three modules.

● British manufacturers of oil and gas hurners have appealed to heating engineers to Buy British in retaliation for what they see as growing protectioolsm by other countries, writes Maurice Samuelsoo.

They claim that orders are going mainly to Italy, Sweden and Germany. But British manufacturers are sometimes not even approached to quote.

One of the manufacturers, Mr. Malcolm Dunphy, managing director of Dunpby Oil and Gaa Burners of Rochdale, said yesterday that British companies were not getting "a fair crack of the whip" even when they were offering cheaper and superior equipment.

In Britain differeot rules were being applied and some consultants and local authorities specified they wanted foreign-made burners.

In a leaflet sent to Ministers, MPs, nationalised industries, local authorities and professional hodies, the maoufacturers say they make the world's best burners without hidden tax concessions or low cost labour.

Discrepancy over value of Fodens

By John Griffiths

THE WIDE gulf hetween Fodens receivers' view of the Cbeshire truck maker's value and that of the only declared potential purchaser, the T. J. Richardson group, became fully apparent yesterday.

Before a meeting in London yesterday with Sir Kenneth Cork, one of the joint receivers, Mr. Roy Richardson, joint chairman of tbe Oldbury, Birmingham-based property and motors group, had said he expected to he able to buy Fodens for no more than £10m.

"Sir Kenneth was very frank," he said afterwards, "hut he discussed figures between £30m and £40m. Our group do not consider Fodens worth anywbere near this figure."

Mr. Richardson said the group was not abandoning its offer.

It expected to receive more information oo Fodeos overseas investment and military contracts before deciding whether to raise it.

He claimed that because of the current truck iodustry recession, "the receivers will bave to decide quickly whether to continue to run Fodens as a company or close down and sell it off piecemeal. Time, therefore, is on our side."

But Sir Kenneth made it clear that be did oot consider Richardsons to be a serious contender.

While a full evaluation of Fodens assets had yet to be made, their sale debts-free would require well above Richardsons' likely limits.

"There are 50 acres of covered property, ona of the mast modern plants in Europe and £20m worth of work in progress.

"The service departmeot alone made £4m last year. Mr. Richardson is far off the mark," he declared.

Sir Kenneth said that details of Fodens business had been supplied to a number of interested parties, including contacts yesterday with what he described as a "major U.S. international manufactuer." But there was still "nothing concrete. Tbere bave been no formal offers; at this early stage I wouldn't believe it if aven I got one."

Pension fund to put cash into factories

BY OUR OWN CORRESPONDENT

A £3m VENTURE to hoost advance factory building in Wales has heen agreed in principle between the Welsh Development Agency and the Miners' Pension Fund.

Tbe deal is the first stage of a new agency policy to attract private sector cash into factory huilding in the principality.

Tbe agency says the new source of cash will help maintain the pace of factory building at a time of Government cash cuthacks.

Mr. Ian Gray, WDA managing director, said it was hoped the pension fund deal would he the first of many. "We have a number of other promising deala heing lined up with the private aector."

The deal with CIN Properties, which holds the property investments of the coal industry pension fund, will provide nursery, factory and warebouse huilding.

The agency will conclude a sale and leaseback arrangement with CIN Properties and undertake day-to-day management of the factories.

The agency is also selling four existing factories for more than £1m, as part of its efforts to raise private sector funds.

Meanwhile, the agency's annual report, out yesterday, showed that factory space covering a record 1.2m sq ft, eventually expected to provide 5,000 jobs, was allocated to companies in Wales last year.

The report showed that last year the agency spent £61.3m in the principality.

● The Welsh Development Agency is suing three more former directors of the company in which it made its higgest ever single investment, of £2m.

The agency is claiming damages from the former directors of P. Leiner and Sons of Treforst, once a leading British manufacturer of gelatine.

The agency confirmed yesterday that writs have heen served on the former group chief executive, Mr. Ernest Osman, on Mr. Allan Henry, former company accountant and on Mr. Ian Hughes, former sales director.

Top civil servants' posts reshuffled

By John Elliott, Industrial Editor

TWO of the top civil aervants' posts in the Department of Indnstry are being reshuffled to improve the co-ordination of the Government's interest in the telecommunications and microelectronics industries.

At the same time the Government's policy of slimming down the size of the civil service is being taken a step fnrther, with a rednction from six to five in the number of deputy secretaries employed by the Department.

These changes will come into effect by the end of the year and will follow the retirement during the next few months of two deputy secretaries.

They are Mr. Philip Ridley, who is responsihle for steel chemicals, and textiles, and Mr. Richard Bullock who is responsible for engineering and electronics, including the motor industry and the telecommnnications mannfacturing indnstry.

The main change will he that responsihility for the telecommunications and electronics industries is to he transferred to the deputy secretary who already bandles the Post Office, whicb is a major nser of the indsutries' prodncts.

He is Mr. Roy Croft whose other responsihilities include the shiphuilding and aerospace indostries.

The gronping of the telecommunications activities—including the general use of electronics in industry—within one division reflects the Government's growing interest in developing a co-ordinated approach to areas of high technology, especially information systems.

Ministers accept that the State must play a significant role in this arca and the Prime Minister has approved the changes.

The rest of Mr. Ridley's and Mr. Bnllock's responsihilities, including the steel industry, will be taken over hy Mr. John Steelc, 51, who bas had a variety of posts in the Departments of Trade and Industry and is at present involved in international commercial relations and export development.

● The Government hopes to make a decision on whether to grant the National Enterprise Board's Inmos micro-electronics venture an extra £25m within the next two weeks.

It was announced yesterday that the Indnstry Department has received the NEB's recommendations on the future of the project.

● FRAUD SAVINGS: The predicted £50m saving from the Government's drive against social security fraud and abuse is being achieved, the Minister for Social Security, Mr. Reg Prentice, announced in Parliament yesterday.

● SMALLPOX SILENCE: Mr. Patrick Jenkin, Social Services Secretary, yesterday refused to he drawn into hlaming or ahsolving Birmingham University for the smallpox leak in 1978 which killed Mrs. Janet Parker, a laboratory photographer.

● FISHY STORY: More tban 50,000 kilometres of rivers and canals in the United Kingdom have been designated as capahle of meeting the quality standards of a European Community Directive on fresh waters supporting fish, Marcus Fox, Parliamentary Under-Secretary, Environment Department, announced yesterday.

● MEALS CHOPPED: Dorset County Council yesterday decided to stop providing meals in its 180 primary schools, in an attempt to save £720,000 nver the next two school terms. About 600 staff are expecied to be made redundant hy the edcision. About 3,000 pupils who have heen receiving free meals will be given lunch boxes.

David Fishlock looks at a £2.5m joint development programme

Search begins for intelligent robots

THE SCIENCE Research Council yesterday announced a commitment of £2.5m tn a joint effort between universities and industry in Britain to leapfrog present robot technology and develop a new generation of industrial robots.

GEC-Marconi and Lansing Bagnal are the first industrial gronps to participate in the programme.

In each case, the aim will be to develop a generation of intelligent robots from the standpoints, respectively, of a potential large-scale user of robnts and a potential robot mannfacturer.

Intelligent robots will be essential for the automated assemhly of electrical and electrical systems, says Mr. Lawrence Clarke, Marconi's technical director responsible for antomation.

Mr. Clarke says no rnbot now available is mechanically accurate enough for the assembly of electronic systems involving silicon chips.

GEC-Marconi, which has its own research programme into automated assembly of electronics, will collaborate with Hull University on interactive automatic assembly.

Lansing Bagnall, the factory truck manufacturer, sees a future for a free-roving automated industrial truck. It is collaborating with Warwick University in a venture based on a tracked robot called Commander Bill, developed by the university.

A third partnership is being estahlished between Nottingham University and the Production Engineering Research Association.

The Science Research Council has committed about £425,000 to these three projects, said Mr. Peter Davey. He is responsible for the councils' programme of research in industrial robotics, which is being co-ordinated from its Rutherford Laboratory in Berkshire.

Mr. Davey's joh is to develop a community of interest in robotics, to encourage companies to participate, and to assist the transfer of research results to industry, said the council yesterday.

Its Engineering Board plans to make at least £500,000 a year available for the next five years. The programme's initial objectives lie with industrial manufacture and distribution rather than with robot coalmining or diving systems, which are seen as longer-term objectives.

Mr. Davey, recruited by the council from Oxford University to set up the programme, says it is already too late for British industry to attempt to embellish the present generation of "blind, deaf and daft" robots.

But he sees an urgent need for robots that are about one-quarter the present cost, faster, more accurate and more reliable, and "tolerant of disorder so that they can muddle through when things are not quite right."

He is looking for industrial companies ready to participate with polytechnics or universities and willing to put up about 25 per cent of the research cost. The British Robot Association, trade association of robot manufacturers, plans to canvass industry with details of the project.

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ICL to offer new computer link system

BY GUY DE JONQUIERES

INTERNATIONAL Computers Lt (ICL) is to offer its customers a new technique for building sophisticated communications networks linking computers with a wide variety of terminals.

Dr. Chris Wilson, ICL's Managing Director, said the network technique, known as Information Processing Architecture (IPA), would provide the focus for the company's developmeot strategy for the next decade.

It would allow ICL to take full advantage of the commercial opportunities opened up by the increasing convergence of computer technology and telecommunications, particularly in the field of electronic office systems.

The announcement comes as the Government is still pondering whether to allow American computer companies to compete against ICL in bidding for a £150m order for the computerisation of the Inland Revenue PAYE operations.

The project calls for installation of a vast network of up to 20,000 terminals linked to 12 computer centres. But ICL would not confirm yesterday whether it planned to propose to the Inland Revenue a system incorporating IPA.

Most other big computer companies already offer standard communications networks. This is thought to have given them a competitive edge over ICL, which has had to improvise solutions on a case-by-case basis for customers who required communication links between remote computers.

But ICL claims that IPA is superior to rival network methods, notably IBM's Systems Network Architecture, in several respects. It is designed to accommodate any type of computer, not just ICL machines, and to meet all existing and planned international standards.

David Churchill writes: Laskys, the High Street hi-fi chain, yesterday moved into the expanding home and business micro-computer market with the acquisition of a small Liverpool-based company already retailing micro-computers.

Laskys said it had negotiated to buy, for an undisclosed sum, a private company called Micro-digital to provide the expertise for sales of micro-computers through Laskys' 40 stores in the UK.

Mr. Peter Klein, Laskys managing director, said the micro-computer market was "a natural extension of our growing hi-fi and video business and it is our intention to develop the business and establish micro-computer departments in our major stores."

Laskys will face considerable competition from other retailers such as Currys, which are already expanding into selling micro-computers for home or business use. Some trade estimates suggest that the total market for these small computers could be worth as much as £500m by the mid-1980s.

SHELL UK OIL won the £2,000 national management championship yesterday by a margin of only £40,000, the smallest recorded since the annual computer-based contest started in 1970, writes Michael Dixon.

The winners, seen above with Lord Trenchard, Minister of State for Industry, who presented the prizes at Plaisterers' Hall, are: Mr. A. F. Plumb; Mr. P. N. Snaith, Mr. R. G. Curry; and Mr. R. F. Gray. Lord Trenchard was deputising for the Duke of Kent, who was at the memorial service for Sir Seretse Khama in Botswana.

Shell took the championship by managing its "paper" consumer-durable company to a profit of £10.78m. Its prizes include the FT Rosebowl and an expenses-paid seminar at Management Centre Europe, Brussels. It will compete for the UK against seven countries in the European championship in Copenhagen in September.

The second prize, £1,000, went to Rank Xerox UK, which finished with £10.74m profit. Samuel Montagu, with £10.2m, took third prize of £750. The £500 fourth place went to IMI (Eley) with £6.1m.

Three of the four finalists have been in the prize-money in previous championships sponsored by the Financial Times, ICI and the Institute of Chartered Accountants in England and Wales, in association with the CBI and the Institute of Directors.

Prison overcrowding worsened in 1979

BY ROBIN PAULEY

OVERCROWDING in Britain's prisons continued to worsen last year, with a record 16,585 prisoners sleeping two or three to a cell.

The daily average prison population also reached its highest level at 42,220, 424 above the 1978 averaga. The population reached its peak of 43,036 in November, according to the Home Office's latest report* on the Prison Department.

The total coat of running the prison service, less receipts, in 1978-79 was £285m, an increase of £43m on 1977-78. The average cost of keeping an inmate in prisoo for a week was £113, ranging from £232 for top security to £80 for a place in an open prison.

The costs would be much higher without income generated by prison workshopa and farms. Farms earned £36m last year.

Mr. Denis Trevelyan, director-general of the prison service, says in the forward to the report: "No one who has read the report of the May Committee of Inquiry into the prison service can doubt the magnitude of our problems—the chronic overcrowding, decay of buildings, poor conditions for staff and prisoners and the deterioration of industrial relations over many years."

* *Report on the work of the Prison Department 1979 (Cmnd. 7965) HMSO £4.*

New confidence in silver

THE SILVER market has shrugged off the uncertainty caused by the wild fluctuations in its bullion price last winter, judging by the prices paid at an auction of English silver at Sotheby's yesterday which totalled £332,268 with a reasonable 11 per cent bought in. The top price, and over twice the estimate, was the £21,000, plus the 11.5 per cent buyers premium and VAT, paid by Spink for a James II porringer and cover with Chinoiserie decoration.

Other high prices were the £13,500 from Koopman for a canteen of George IV Kings husk pattern table silvar, 124 items in all: and £11,500 for a set of eight George III table candlesticka by John Scofield, bought by S. J. Phillips.

Spending likely to stagnate

By David Marsh

THE VOLUME of consumer spending has fallen sharply during the last few months and looks set to stagnate during the rest of the year as the recession squeezes real incomes.

Sales during the first half of 1980 have still, however, kept slightly ahead of the 1979 average. Although the car industry has been particularly hit by falling demand, the consumer sector as a whole so far seems to have escaped the full impact of the economic downturn.

Figures published yesterday by the Central Statistical Office shew the volume of spending fell 3 per cent during the second quarter compared with the first three months of the year.

Total consumer expenditure at constant 1975 prices, seasonally adjusted, was estimated at £17.5bn. This was around the same as the second half of last year, and compares with the 1980 first quarter figure of £18bn.

More than half of the second quarter fall was accounted for hy a 33 per cent big drop in wines and spirits sales. This reflected the large scale buying of alcohol in the first three months ahead of increases in drinks duty in the March Budget.

A 20 per cent seasonally adjusted fall in car registrations also contributed to the decline. This followed a buoyant first quarter in which many manufacturers cut prices to boost turnover.

Demand has also fallen lately for a wide range of other goods and services. Clothing and footwear sales have fallen in spite of big price-cutting promotions by retailers.

Beer sales have fallen by around 4 per cent during the past quarter, mainly because of the unseasonable weather, and tobacco spending is also down.

The volume of durable goods sales does not appear to have dropped significantly—perhaps because of price cutting in the stores.

Because first quarter consumer spending was quite buoyant, expenditure for the first half this year is still nearly 1 per cent above the 1979 average.

Spending for the year as a whole is generally projected as being little changed from last year — although most forecasters are predicting a fall of 2 to 3 per cent in gross national product.

Lisa Wood adds: Higher earnings have contributed to an expected £687m surplus in the national insurance fund by the end of the year, compared with a surplus of £46m forecast in a report last November, saya a Government report.

The Government Actuary report saya the surplus for 1979-80 was estimated at £349 but had now increased to £542m.

"Higher earnings than assumed, higher than expected receipts of State Pension premiums and lower than expected expenditure on sickness benefit are the main reasons for the higher surplus," says the report. It includes the order on benefit increases due this November.

(Report by the Government Actuary on the draft of the Social Security Benefits Uprating Order 1980.)

Government troubles following end of the corset

Peter Riddell on a perennial problem of monetary policy

A PERENNIAL problem of monetary policy is that whenever the Government's attempts to control a major component of the money supply the result is evasion.

This distorts the mooetary atatistics on which the policy is based and makes it more difficult for the Government and the markets to judge underlying trends and to reach a view on interest rates.

This is the case following the end of the corset controls in mid-June. The corset laid down limits on the growth on the interest-bearing eligible liabilities of the banking system, a large part of their deposits.

The result was to encourage a shift of the banks' operations. This mainly took the form of a diversion of lending into acceptance credits or commercial billa held outside the banking system. This was a form of leoding—otherwise known as the bill leak which escaped the controla and did not count within the figures for sterling M3, the broadly defioed money aupply.

The authorities did not attempt to plug this gap largely because it was measureable and readily ideotifiable. Any further controls mights have led to unquantifiable evasion elsewhere in the system.

It was estimated that tbis leak was equivalent to ahout 2 to 3 per cent of sterling M3 and City analysts took this into account.

Less account has, however, been taken of possible changes in the composition of bank lending. There is evidence tbat banks allowed lending to local authorities to decline relative to advances to the private sector.

Local authorities have borrowed either from central Government or, more significantly, from the money markets. Companies have, for example, been increasing their deposits with local authorities.

The end of excbange controla last October opened tbe further gap of horrowiog in sterling overseas. The banks gave an undertaking to the Bank of England that they would continue to observe the spirit of the corset controls and not explot this loophole. But some leakage has probably occurred.

It was always expected that some of this lending would be switched back within conventional channels and within sterling M3 once the corset ended.

City analysts were, however, uncertain about how large and how long the switching would be. However, on Monday Mr. Gordon Richardaon, the Governor of the Bank of England, told a Commons committee that the impact of the end of the corset could he "swifter and more substantial than has been thought likely."

There are already indications that some of the switching occurred in the banking month to mid-July. This will inflate sterling M3 in the period and possibly ensure the annual rate of growth remains above the 7 to 11 per cent target range.

Leading monetary commentators and stockhrokers, W. Greenwell, now believe the impact of the end of the corset is likely to be greater than previously estimated. The total could amount to as much as 4 per cent of sterling M3.

"If this occurs, the implication will not be that current monetary growth is excessive but that past monetary growth bas been more excessive than was realised at the time," the brokers aay.

The key question ia wbether this should he treated as just a temporary once-and-for-all blip or whether the authorities sbould attempt to compress the rate of monetary growth back within the target range.

The Government favours the former view because it feels it would not be sensible to rein back the money supply just because tha anticipated switch in lending has occurred faster.

This view applies very much to the next two or three months money supply figures. The overall position will he raviewed in the autumn when the Government has to decide on the rollover of the monetary target for the following 12 months. The problem is that any boost to sterling M3 as a result of the end of the corset will raise the hase for the next target period.

Moat City analysta support the official view because of the deepening recession and the expected fall in the underlying demand for credit, and therefore believe MLR will fall this year. Cynics say that, in spita of official claims the growth of the money supply is still not demonstrably under control.

Steel marketing pact wanted

BY ALAN PIKE

STEEL STOCKHOLDERS are to meet Mr. Ian MacGregor, the new chairman of the British Steel Corporation, within the next few weeks to demand a mutual interest pact of steel marketing.

The National Association of Steel Stockholders is concerned that Mr. MacGregor's determination to adopt an agressive marketing approach should not conflict with the interests of the stockholders, whose importance was highlighted by the winter's national steel strike.

BSC holds around 11 per cent of the steel stock market through its own stockholding operation and NASS is anxious that this percentage should not increase. Nearly 40 per cent of steel used in the UK comes from stockholders.

"Mr. MacGregor has said he wants to run his mills at a high activity level. We want him to produce British steel and we the stockholding industry will try to sell more British steel," said Mr. Richard Rawlins, NASS executive director.

Imports of foreign steel are running at a very high level in the aftermath of the steel strike, but NASS says it has no evidence that long-term import relationships have been established as a result of the dispute.

There is the prospect that stockholders could increase imports if they feel they are facing unreasonable competition caused by a change in BSC marketing policy.

The latest post-strike figures from NASS indicate that 26 per cent of stockholders are currently holding excess stock, 11 per cent have too little, while the remainder are getting back into balance.

NASS has written to Mr. Bill Sirs, general secretary of the Iron and Steel Trades Confederation, and will also tell Mr. MacGregor that it is totally opposed to union demands for a 10 per cent cut in BSC prices as a swift means of stimulating demand for British steel. The association has told Mr. Sirs that a highly-publicised cut in BSC prices would provoke retaliation on a world-wide scale.

The EEC Commission yesterday announced another round of grants totalling more than £1.5m to assist workers re-adapt to modernisation or closure in the steel industry. Yesterday's grants will help provide training, pensions and redundancy payments to employees in the private steel industry in Sheffield and the West Midlands.

British Celanese to lose 226 more Spondon jobs

FINANCIAL TIMES REPORTER

BRITISH CELANESE, part of the Courtaulds group, is to make 226 more people redundant, in addition to the 750 announced last month, at its plants at Spondon, near Derby.

The company is closing two subsidiaries, the Derwent Dyers and Celon plants, and is to stop making acetic acid.

After the redundancies, British Celanese will still employ 3,800 people. A few years ago the total was 6,000.

About 90 jobs will be lost in Walthamstow, London, with the closure by Tootal, the textile group, of its Rael-Brook warehouse. The administration and warehousing of Rael-Brook—part of Tootal's clothing division—will be transferred to the North West, where the group has been concentrating its activities.

● Sir Raymond Pennock, president of the Confederation of British Industry, yesterday urged employers to make a special effort to help jobless school leavers. He is writing to CBI members asking them to recruit as many young people as possible, and to step up offers of six-month periods of "work experience" under the Government-backed Youth Opportunities programme.

● Strongpac, a Dutch company manufacturing plastic bottles for soft drinks, is opening a new factory at Corby, Northants., which will mean nearly 100 jobs in a town with an unemployment rate of 15 per cent.

Methods to curb public expenditure criticised

By Robin Pauley

A STRONG attack on the Government's "crude and unsophisticated" weapons against public sector spending is made today by Mr. Noel Hepworth, director of the Chartered Institute of Public Finance and Accountancy.

"The Government particularly wishes to avoid any increase above planned levels in the size of the public sector borrowing requirement and to discourage any concessions by public sector employers to high wage demands," he writes in Public Finance and Accountancy.

But Central Government had only crude and potentially damaging weapons, an example being the way in which local government spending levels were being judged.

Local authorities have been asked to refile their 1980-81 budgets by next weekend with the aim of showing a cut of 2 per cent over 1978-79 actual expenditure. But that method turns authorities otherwise judged to be underspenders into overspenders, and vice versa.

"Central Government's attitude to cash limits reflects its determination to control inflation. Those affected argue that cash limits, when judged by the considerations of cash flow control, are inadequate and that what the Government is really doing is achieving, by the back door, cuts which it would not otherwise have dared to seek," he argues.

Mr. Hepworth implies that local authorities and their treasurers ought to think carefully before deciding how to react to the latest method of judging overspending. "The danger of unsophisticated reactions to complex problems is that fundamental damage may occur," he says.

Meanwhile, the Confederation of British Industry is stepping up its campaign for cuts in council spending.

Mr. Bryan Rigby, deputy director general, told Mr. Tom King, Local Government Minister, yesterday that "irresponsible action" by local authorities should not be allowed to undermine the Government's overall economic strategy.

Industry must be protected from the "crippling burden" of business rates.

Andrew Fisher on the Government's proposed insolvency procedures

Streamlining the way to bankruptcy

BY SIGNALLING its intention to tidy up Britain's bankruptcy procedures, the Government may well have caused annoyance in the accountancy profession.

Its proposals to simplify bankruptcy administration, dating in its present form back to the 1880s, are mainly concerned with reducing the work of the Official Receivers and saving several million pounds a year.

But in formulating its new scheme, it has set aside the recommendations of the Insolvency Law Review Committee, which was set up three and a half years ago to look into individual and corporate insolvency and which has produced a special interim report on personal bankruptcy.

The Government seeks to amend the bankruptcy laws so that most of the work is done by private receivers. Legislation is likely to come in during the 1981/82 session of Parliament, with the new procedure in operation around the end of 1982.

This, it is hoped, will reduce the staffing in the Insolvency Service at the Department of Trade by about 570 people over three years, saving £3m a year.

Instead of more than 30 Official Receivers in 35 regional offices, there would be fewer than 10, with only five offices. Thus the Official Receivers, who are employees of the Department, would be taken right out of the personal bankruptcy procedure.

In its Green Paper, or consultative document, on the subject, the Department said the new proposals, under which bankruptcy petitioners would have to meet receivers' costs themselves, would cut down the work of the courts.

But the Official Receiver would continue his present work on the compulsory winding-up of companies in financial trouble.

And to protect creditors' rights, the Government will keep the slimmed-down procedure under official control.

The private receiver, presumably from one of the accountancy firms which specialises in insolvency, would be supported by the court's authority and the Department of Trade would still have a supervisory role.

The Insolvency Committee, chaired by Sir Kenneth Cork, a former Lord Mayor and partner in the W. H. Cork Gully company of insolvency specialists, is to make its final report next spring.

Although Sir Kenneth declined to comment on the Government's proposals, the committee is known to feel its own simplified scheme would be better, and also reduce the burden on the courts.

In its interim report yesterday the committee described the present bankruptcy machinery as "replete with technicalities and anomalies."

It did not work efficiently, from the point of view of the insolvent debtor, his creditors, or the public interest. "The system is, without any doubt, in need of overhaul," the committee added.

Underlying the present system, wrote the Cork Committee, is "a strong undercurrent of what can conveniently be described as retributive and punitive justice towards the debtor."

Early in the proceedings, it went on, "he is classified as a bankrupt, with all the disabilities and penalties as well as the stigma in the eyes of the community which is implied by that status."

> **The present system has "a strong undercurrent of what can conveniently be described as retributive and punitive justice to the debtor."**

What the committee had in mind, therefore, was to take the small debtor, whether down on his financial luck or plunged into debt by business difficulties, out of the bankruptcy system.

It also referred to the recent problem of the consumer debtor, over-tempted by the fascinating array of credit now available, whose resulting insolvency stems from "a general irresponsibility and muddle on his part."

By reserving "the rigours of bankruptcy" for serious cases, whether judged by size, by the presence of misconduct or fraud, or by previous lack of co-operation from the debtor, the committee reckoned the present yearly level of 3,500-4,000 bankruptcies could be cut to well under 1,000 involving the Official Receiver.

Instead of the present administration order system, the committee proposed a Debts Arrangement Order (DAO) for debtors with few assets but with earning capacity.

This, it felt, "should appeal to most debtors who at present file their own petitions in bankruptcy or who are the subject of small bankruptcies generally."

Compared with the present yearly average of 2,000 administration orders, the committee thought there could be as many as 10,000 DAO's a year. It also favoured better voluntary arrangements for debtors with assets.

While supporting its view that reform of the personal bankruptcy structure is needed, the Government said the Cork Committee's recommended procedures would require a large trained staff, as would a continuation of the present system.

Thus the Government has, instead, taken the cost-cutting road, in line with its aim of trimming back the size of and expenses involved in running the Civil Service.

It said the limited reforms introduced in 1976, including the sharp rise in deposits payable by creditor and debtor petitioners, had already cut the number of cases brought into bankruptcy by 40 per cent "with no adverse consequences."

The Committee pointed out, however, that bankruptcy proceedings had doubled to nearly 7,000 in the 10 years to 1975; the later reforms reduced the caseload only to roughly what it had been in 1973.

One leading insolvency specialist, Mr. George Auger of accountancy group Stoy Hayward, questioned whether the Government was making the right sort of economies in the bankruptcy system.

"The price of the insolvency service is cheap for society to pay for the filtering activity, which is a very valuable process," he said.

While not having had a chance to make a full study of the proposals, he felt the Government should have waited for the full report of the Cork Committee, especially in view of its wide-ranging brief and the EEC bankruptcy convention, soon to be introduced by all nine EEC members.

Another insolvency expert said the Government's proposals looked unattractive for the accountancy profession. They would, he believed, put off potential petitioners, who would have to underwrite the private receivers' costs, and thus lead to fewer formal bankruptcies but possibly more financial irresponsibility.

Order for Euroseas director

By Raymond Hughes

A DIRECTOR of Euroseas Securities, faced with a £857,000 claim by the company, was ordered by a High Court judge yesterday not to remove any of his assets from the UK.

The order, effective until Tuesday, was made in the absence of Mr. Nadeem Hameed Shaikh who, said the Vice-Chancellor, Sir Robert Megarry, could apply to have it cancelled or varied.

Mr. Michael Kennedy, for the liquidator of Euroseas Securities, said investigations had shown that the company was owed more than £2m by other companies in the same group.

Unemployed may rise to 3m by 1982 in line with output dip

THE BRITISH slump over the next couple of years will be as bad as that of 1929-32, with large parts of Britain's industrial heartlands laid waste, says Mr. Brian Reading, an economic commentator.

In a circular for stockbrokers Bone Fitzgerald and Company, Mr. Reading highlights forecasts prepared by the ITEM Club which uses the Treasury's economic model.

These projections indicate that output, as measured by real Gross Domestic Product, will fall as sharply up to 1982 as 50 years ago.

Unemployment will rise just as fast as then, to around 3m. Because of the increase in the working population the percentage rates will be lower.

Mr. Reading says that unless monetary policy changes behaviour it is more harmful to the economy than incomes policy.

He says there is no evidence yet to sugest that monetary policy is changing behaviour, while public spending cuts have been crude and damaging.

Consequently, a new initiative is required this autumn. This should involve a reduction in Value Added Tax from 15 to 10 per cent, a cut of a tenth in North Sea oil price, a freeze on public sector charges and prices, a cut in Minimum Lending Rate to 10 per cent and a 5 per cent ceiling on public sector pay rises.

Gloom about unemployment outlook is now general. For example, Mr. Walter Eltis of Oxford University writes in a Rowe and Pitman circular that there is now a near certainty of "up to 2.5m unemployed for several years" on present monetary policies.

Brokers Capel-Cure Myers say unemployment will reach, and possibly exceed, 3m by the middle of the decade. The brokers believe there could be a change in the regional balance with the sharpest increases being in the south of England rather than in traditional areas of high unemployment.

Malawi Skyvans order

SHORT BROTHERS of Belfast has won a £2m contract from the Government of Malawi for three Skyvan light transport aircraft with spares.

The aircraft will be flown by the national airline, Air Malawi, and are additional to a Skyvan ordered for the Malawi police force last December.

The deal brings total Skyvan sales to 136 aircraft to 44 operators in 30 countries. The Skyvan transport is complementary to the Short Brothers' two passenger transports, the 30-passenger 330 which is also selling well and the bigger, 36-seat type 360 aircraft, recently announced.

Mr. Howell keeps his options open

BRITAIN HAS come of age as an oil producer on two counts. The country has all but reached the happy state of net self-sufficiency in oil according to the latest set of Government figures: indeed that threshold may well have been crossed this month, thanks to low summer demand. Second, the Government has now fashioned a depletion policy, a procedure dear to all major oil producers.

Admittedly it is a fairly sketchy depletion policy, being little more than a general statement of intent. Mr. David Howell, Energy Secretary, talked on Wednesday about the need to flatten the hump of possible surplus production—the amount by which output could exceed the domestic oil requirement—and to keep the nation close to self-sufficiency for as long as possible.

No numbers were cited because Mr. Howell wanted to retain flexibility of action over the coming years when there will be inevitable surprises on both the supply and consumption fronts.

Emphasis

Mr. Howell was quick to counter any criticism from those who might feel the policy is too woolly. Those who called for a "neat blueprint" of future oil production rates would reveal an immaturity and complete misunderstanding of the problems associated with North Sea development.

What the Government has done is to alter the emphasis of North Sea development. Up to now there has been but one aim, shared by successive governments and the oil industry alike: to build up production as quickly as possible. This policy has resulted in over £15bn (in 1979 prices) of investment being poured into oil and gas projects on the UK Continental Shelf in the past 15 years. Never before has a major oil region of such complexity in such harsh conditions been developed so quickly.

Now the Government can afford to apply the brakes somewhat although the scope for action is much more limited than for some other producer countries. Britain's oil reserves are too small and its consumption too great to allow a major variation on present production levels.

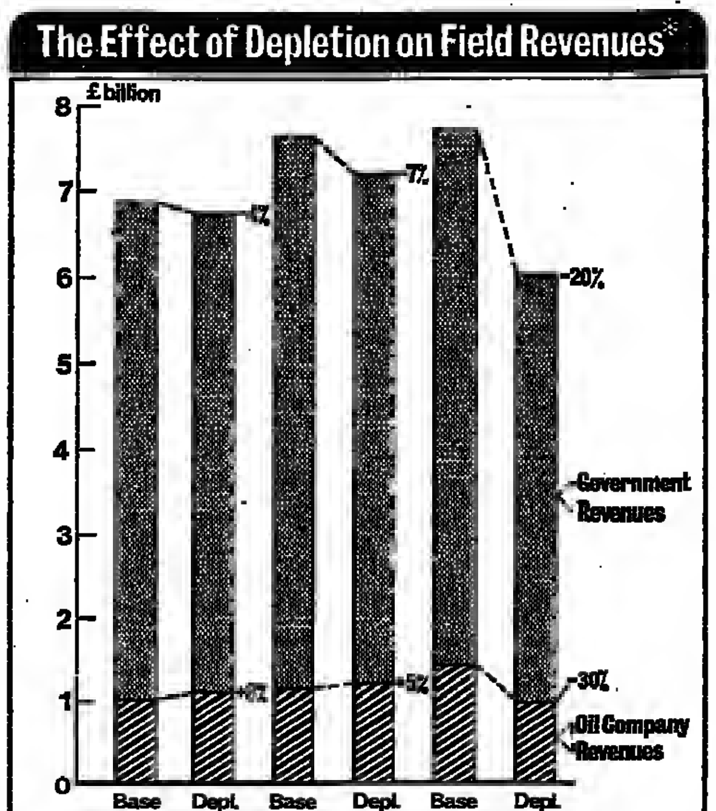
Against this background, the room for manoeuvre is seen to be limited. Energy Department advisers have told Mr. Howell that the amount of oil primarily affected by any depletion policies could be no more than about 250m tonnes. This is the amount of oil that offshore operators could produce above the UK self-sufficiency line during the coming peak years of peak production, assuming no depletion controls. This hump of net surplus capacity would be equal to about three years' worth of UK oil consumption.

A number of industry analysts are more pessimistic. According to some North Sea companies the amount of potential surplus capacity could be no more than 100m tonnes. Their warning reinforces the wisdom of a flexible depletion policy.

Mr. Howell is firm in his depletion commitment to maintain a level of production at least equivalent to UK oil consumption. This was an arbitrary choice reflecting, he says, the need to preserve domestic security of supplies in an "energy-dangerous world" where supply disruptions could occur at any time.

He could have chosen a lower benchmark, one that would have enabled the UK to be a major oil supplier for an even longer period: certainly well into the next century. While such action would hit the balance of payments it would also probably dampen the value of sterling. Exports would become correspondingly more attractive at a time when the UK manufacturing industry is desperately seeking overseas sales opportunities.

It should at least be asked, why should Britain deplete its relatively modest oil resources at such a fast rate if other producers are happy to supply all the oil the world needs, as at present? As it is North Sea companies are producing much more oil than is used in UK refineries. Because North Sea oil is a light, high quality crude and refineries run on a mix of light and heavy oils, there is already a good deal of international trading going on. UK oil output is now running at about 80m tonnes a year, with about half of this production being exported. Two-thirds of these exports go to Britain's Common Market partners.



A—Mature field; Production cutbacks not implemented until late in field life.
B—Production cutbacks imposed 4 years after production start-up.
C—Production cutbacks imposed after 150% of investment recovered by licensee.
NB—Field size is 600 million barrels. All cutbacks restricted to maximum of 20% with new plateau production lasting for 4 years.
*Over 4 year period. Source: British National Oil Corporation

If the UK were to peg its production level well below that of self-sufficiency—currently between 80m and 85m tonnes a year—the stance would clearly upset its trading partners who now rely on North Sea imports. Just as significantly, Britain would be signalling to OPEC members that even tighter supply limits are justified. The stability of the oil market would be further shaken. [While UK production, at whatever level is chosen, has only a tiny impact on worldwide supplies, this does not mean that OPEC would not make political capital out of a restrictive North Sea depletion policy.]

So self-sufficiency is a reasonable starting point for a depletion strategy. The question must then be asked: what will this level be?

A few years ago the Government was working on the assumption that by 1980 the UK would be consuming around 100m tonnes of oil a year, or roughly 2m barrels a day. The economic recession, coupled with price-stimulated conservation measures, has lopped 15m to 20m tonnes off that level this year. And it seems unlikely that during the 1980s demand will rise much above 90m tonnes or 1.8m b/d.

On this basis there appears to be reasonable scope for implementing depletion measures after 1982. According to stock brokers Hoare Govett production levels in the 1982-85 period could be in the range of 2.3m to 2.6m b/d. Wood, Mackenzie, another broker which keeps a close eye on North Sea developments, puts production range over the same period at 2.4m to almost 2.7m b/d.

The Energy Department, in its latest "Brown Book" of North Sea statistics is more circumspect. It reckons that output in 1982 could be anything between 1.8m and 2.4m b/d and that by 1984 the production level could be 1.9m to 2.7m b/d. If only the lower levels are achieved there would hardly be need for any depletion measures, especially as the UK has given an undertaking to the International Energy Agency and the Common Market that it will be a net exporter of 100,000 b/d in 1985.

The Energy Department's caution is understandable in the light of past experience. Accidents, weather problems and field development delays have combined to slow the expected progress of North Sea oil output. In 1974 the Government expected that UK operators would be producing between 2m and 2.8m b/d by this year.

With this in mind, Mr. Howell has stressed that as part of its depletion policy the Government was taking measures to increase exploration activity in order to prolong high levels of production to the end of the century. The undertaking has been warmly welcomed by oil companies which have been arguing for a "repletion" policy that would help fill the trough of expected net imports in the 1990s.

The industry is also pleased that the Government is pressing ahead, in such determined fashion, with its plan for a £1.1bn gas gathering pipeline network in the North Sea. This project will not only increase the commercial attractiveness of oil fields containing associated gas but it will also help Mr. Howell achieve another of his depletion objectives: to reduce the amount of gas flared and wasted.

But there was concern among some companies about Mr. Howell's decision to consider the delay in development of some fields discovered after 1975. Such delays, on a very selective basis, could be one way of flattening the North Sea production bump in the mid-1980s.

There are likely to be very few fields falling into this category. Two that could be delayed—by how much is still unclear—are British National Oil Corporation's (BNOC's) Clyde Field and the Phillips group's Toni-Thelma-Tiffany complex of reservoirs in the "T block." Energy Department officials are now discussing the timing of development plans with the companies involved.

It is perhaps ironic that these two projects should be chosen for the new delay considerations. Each are closely associated with the gas gathering pipeline: the "T block" is likely to contain a major pipeline junction, Clyde could mark the southern extremity of the gas pipeline.

Mr. Howell told pressmen this week that if it was found that production from the current batch of fields under development looked likely to fall well short of expectation, the Government would reconsider its delaying tactics. This was part of the flexible approach. But it might then be too late to rectify the position. It takes several years to plan and implement the development of an offshore field.

If there are so many uncertainties, as Mr. Howell rightly suggests, it might be a wiser course to encourage rather than discourage new projects. It is questionable whether Britain will have enough surplus, net exportable capacity in the mid 1980s to afford the luxury of sitting on potentially commercial fields.

An alternative course would be to press ahead with new development projects and then take corrective action if, happily, it was found that there was significant surplus capacity. Mr. Howell told Parliament that as yet the Government had taken no decision on whether to have production cut-backs.

He certainly has plenty of options. He can, for instance, impose cuts already accepted by the industry under assurances given by Mr. Eric Varley, Energy Secretary in 1974. These so-called Varley Guidelines gave operators the undertaking that no delays would be imposed on finds made up to the end of 1975; no cuts would be imposed from these fields until 1982 or four years from the start of production: no cuts would be imposed on post-1975 finds until 150 per cent of the investment in the field had been recovered; and the Government would generally limit any cuts to 20 per cent of planned daily output.

Benefit

The industry could not complain if such production cuts were introduced. They have already taken their investment decisions in full recognition of the possibility. In some cases, in a perverse way, the companies might even benefit from such action. In a presentation to an Institute of Petroleum economics seminar in May, BNOC demonstrated that in specific instances the cash flow of companies would actually increase with a drop in production. The benefit would arise mainly as a result of allowances under Petroleum Revenue Tax arrangements (see chart).

Mr. Howell has other weapons in his depletion armoury. He can, under a system of staged consents agreed with a number of companies, vary production levels at pre-determined points in a field's life. He could leave in the ground 12.5 per cent of the production to which the Government is entitled as a royalty. If needs be, he could direct BNOC or British Gas to hold back their equity entitlement although this policy would find more favour with Dr. David Owen, the Shadow Energy Secretary, than with Mr. Howell. And the practice would be contingent on the corporations remaining in state hands. Mr. Howell is assured of the depletion flexibility he needs.

CONTRACTS

Designing Morcambe gas field facilities

McDERMOTT ENGINEERING, London, a division of McDermott International Inc., New Orleans, has been awarded two Morecambe gas field contracts by Hydrocarbons Great Britain, a wholly-owned subsidiary of British Gas Corporation. One contract is of the conceptual design for the entire offshore facilities of the Morecambe gas field development. The offshore facilities include all structures, topsides and the in-field interconnecting pipeline systems. The other is for the engineering and procurement services of the Barrow onshore terminal. Both contracts will be undertaken by the Wembley office of McDermott Engineering. The terminal will be constructed at West Field Point near Barrow-in-Furness, and will handle the natural gas from the Morecambe gas field. British Gas aims to have gas from the £1bn Morecambe development coming ashore by 1984.

★

An order worth more than £1½m to supply electrical equipment for Royal Navy nuclear submarines has been won by electrical engineers LAURENCE SCOTT ELECTROMOTORS. The equipment will be installed in nuclear submarines to be built by Vickers Shipbuilding Group.

★

The Bradford and Bingley Building Society has signed a contract worth over £340,000 with RACAL-MILGO for a nation-wide data communications network. Counter terminals at Bradford and Bingley's 190 branches throughout England, Scotland, Wales and Northern Ireland, will be linked to the Society's central computer at Bingley in West Yorkshire.

★

Metal Box has placed an order worth over £200,000 with CASE for equipment to monitor and control its on-line computer system. More than 40 sites in the UK will be linked by the data network which is used for stock recording, payroll and a variety of corporate and financial applications.

★

W. AND T. AVERY has won its biggest order from the Post Office. Under a contract worth nearly £200,000, the company is supplying 750 scales for Post Office branches throughout the UK.

★

An order worth over £150,000 has been placed by the BBC with SONY BROADCAST for video recording equipment, which is being installed in the main block of the BBC Television Centre at Wood Lane, where it will be used for general purpose record, replay and editing work.

★

GEC INDUSTRIAL CONTROLS' vacuum contactor starters have been ordered by Matthew Hall for installation on a new production platform which is programmed for operation in the BP Magnus Field in the North Sea. The order is valued at £110,000.

★

PLESSEY EAE has been awarded a contract worth £1m for the supply of materials and services for telemetry equipment in Abu Dhabi's Upper Zakum oil field—acting as sole field services contractor to Matra SA of France. The telesystem initially comprises 87 offshore satellite platforms, four separation platforms, offshore field control centre, and an island control centre. The multi computer-based configuration is a high-integrity system which extensively monitors all aspects of the field production system.

★

A contract to design and supply a complete production line for the manufacture of cream crackers and biscuits has been awarded to SIMON-VICARS, Earlestown, Merseyside (Simon food engineering group) by the Namshin Company of Taipei, Taiwan. Valued at £750,000, this will be the first Simon-Vicars biscuit line for Taiwan though the company supplied a Swiss Roll production line to that country in 1979. Equipment includes a high-speed dough mixer, vertical cut sheet laminator, rotary cutting machine, rotary moulder, 60-metres long electric oven and cooling and packing machinery, to be delivered in September. The Namshin Company is a joint venture by the Namchow Chemical and Industrial Company of Taipei and the Lam Soon Company of Malaysia.

★

British Airways is to replace all the terminals on its computerised reservations system in continental Europe with British equipment supplied by VIDECOM. The order, valued at around £500,000, is for some 280 keyboard VDU's which will be located at 69 sites throughout 15 European countries. Installation is expected to be completed by the end of 1981.

★

SIGMUND PULSOMETER PROJECTS, Theale, near Reading, a member of the SPP Group, is to supply and install pumps and ancillary equipment for a brewery waste and sewage treatment plant being constructed at Tadcaster. Yorkshire Water Authority placed the contract, valued at about £200,000, for two SPP Freeway SB-C and two SPP Hidrostal pumps.

EUROPEAN OPTIONS EXCHANGE

Series		Oct. Vol.	Oct. Last	Jan. Vol.	Jan. Last	April Vol.	April Last	Stock
ABN C	F.280	5	33	—	—	—	—	F.316.50
ABN C	F.300	5	16A	—	—	—	—	"
AKZO C	F.22.50	4	2.10	17	2.70	—	—	F.24.10
AKZO C	F.25	55	0.80	2	1.40	—	—	"
AKZO P	F.22.50	15	0.30	1	0.60	—	—	"
AKZO P	F.25	35	1.60	5	2.20	—	—	"
AMRO C	F.70	2	1.40	—	—	—	—	F.66
KODA C	$60	8	3¾	3	5	—	—	$59⅞
HEIN C	F.60	6	3.50	—	—	—	—	F.61
HEIN C	F.65	1	1.50	—	—	—	—	"
HEIN P	F.60	1	2.50	—	—	—	—	"
HOOG C	F.17.50	2	1.50	—	—	—	—	F.12.20
HOOG C	F.20	10	0.50	—	—	—	—	"
HOOG C	F.22.50	10	0.10	—	—	—	—	"
IBM C	$60	2	6¼	—	—	—	—	$64⅝
IBM C	$65	5	3¼	7	4¼	—	—	"
IBM C	$70	5	1½	—	—	—	—	"
KLM C	F.50	3	1.10	—	—	—	—	F.63.80
KLM C	F.70	—	—	2	3.20	—	—	"
KLM P	F.60	2	3	—	—	—	—	"
KLM P	F.70	2	8.80	—	—	—	—	"
NATN C	F.110	5	8	—	—	—	—	F.118.50
NATN C	F.120	13	6	—	—	—	—	"
NATN P	F.120	5	4	—	—	—	—	"
PETR C	Fr.5500	—	—	6	280	—	—	Fr.4950
PHIL C	F.15	1	4.50B	—	—	—	—	F.19.30
PHIL C	F.17.50	172	2.30	59	2.50	—	—	"
PHIL C	F20	656	0.70	246	1	132	1.40	"
PHIL C	F.22.50	45	0.20	—	—	—	—	"
PHIL P	F.17.50	25	0.30	190	0.50	—	—	"
PHIL P	F.20	140	1.60A	—	—	—	—	"
PHIL P	F.22.50	2	3.70	—	—	—	—	"
PEUG C	F.280	1	11	—	—	—	—	F.211.50
OLIE C	F.150	20	24.60	—	—	—	—	F.173.80
OLIE C	F.160	30	14.60A	62	15.50	—	—	"
OLIE C	F.170	90	6.40	76	2.40	40	10.70	"
OLIE C	F.180	148	2.50	8	4.10	1	6.70	"
OLIE P	F.150	32	0.70	60	1.40	—	—	"
OLIE P	F.160	68	2.30	6	4	—	—	"
OLIE P	F.170	12	6.80	10	8.30	—	—	"
OLIE P	F.180	—	—	3	13.50	—	—	"
UNIL C	F.115	1	9	—	—	—	—	F.123
UNIL C	F.120	2	6.40	40	6.80A	—	—	"
UNIL C	F.130	—	—	1	1.70	—	—	"
UNIL P	F.115	30	0.80	—	—	—	—	"
UNIL P	F.120	26	2.40	3	4.50	—	—	"
		Aug.		Nov.		Feb.		
BOEI C	$40	—	—	7	5½	—	—	$32¼
SLUM C	$110	2	16¼	—	—	—	—	$126⅞
SLUM C	$120	—	—	1	10¾	—	—	"
VEBA C	DM.150	6	2.80	—	—	—	—	DM151.50
VW C	DM.170	—	—	6	7	—	—	DM171.50
		Sept.		Dec.		Mar.		
GM C	$50	—	—	2	6¾	—	—	$50¼

TOTAL VOLUME IN CONTRACTS 2551

C=Call P=Put

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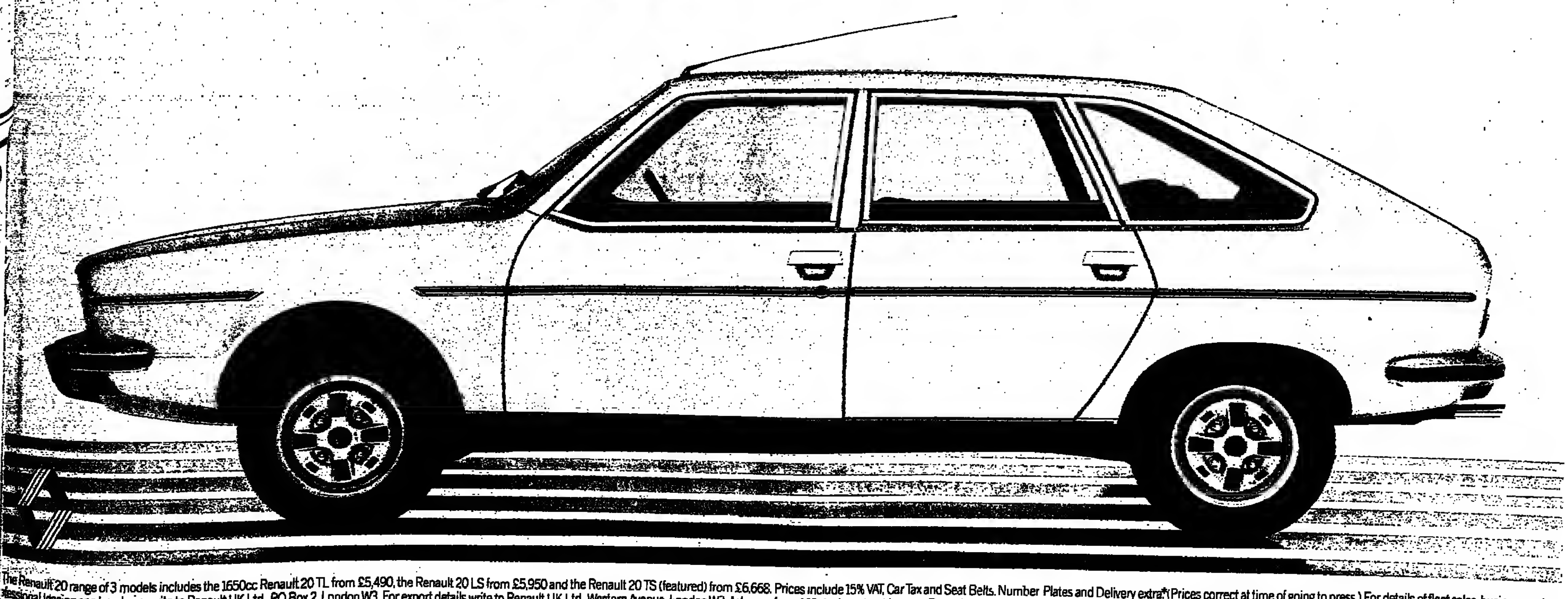
RENAULT 20



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Labour MPs attack Thatcher's stand on mobility of jobless

BY IVOR OWEN

WORKERS UNABLE to find jobs near their homes should be prepared to move to areas where employment is available, the Prime Minister insisted in the Commons yesterday.

Amid mounting uproar, she was repeatedly challenged by Labour MPs to name the areas where work could be found.

"Where?" "Where?" they chorused, in a spontaneous outburst of anger, which clearly rattled the Prime Minister far more than the carefully orchestrated attack staged by the Opposition on Tuesday in the wake of the announcement that the unemployed total had soared to close on 1.9m.

Mrs. Thatcher refused to name any specific areas, but, in emphasising the importance of ensuring the mobility of labour, highlighted the fact that there are still 400,000 unfilled vacancies.

She also stressed that only about one-third of the job opportunities available are notified to the Government's job centres.

Mr. James Callaghan pressed home the attack from the Labour benches by recalling that, when the Prime Minister spoke in Swansea last week, she urged those without jobs to move to areas of "industrial success."

If South Wales were to be denuded of skilled workers, what would happen to the communities they left behind? he demanded.

Mrs. Thatcher retorted that Wales had always been accustomed to a certain amount of mobility of labour. She reminded Mr. Callaghan that redundant steel workers in his own constituency had had to look elsewhere for employment during the lifetime of the Labour Government.

To Labour cheers, and with rising anger, Mr. Callaghan protested that the "mobility" of the 1930s had left behind a bitterness which had still not been forgotten in Wales.

"We simply won't go back to your kind of policies," he stormed.

The Prime Minister retorted that even Mr. Callaghan must recognise that it was just not possible to guarantee everyone a job in the area where they happened to live.

"There must be some mobility in moving workers to jobs," she maintained.

When Mr. Callaghan renewed his challenge to the Prime Minister to state where the unemployed steel workers in South Wales should move to, she answered that some would be able to find other jobs if they moved within Wales.

As Labour backbenchers continued to shout "where?" she pointed out that the Government had allocated £48m to bring new factories to the areas in South Wales hardest hit by steel closures.

Concern about the 20 per cent pay and productivity settlement secured by the Post Office's 146,000 engineering staff was voiced by Mr. Michael Latham (C., Melton).

He asked the Prime Minister to underline the increasing importance of ensuring a lower level of wage settlements in the public sector and called for an assurance that the Post Office would not be allowed to exceed its cash limits.

Agreeing that it was "crucial" to get public sector settlements down, Mrs. Thatcher pointed to their effect in "draining" the private sector.

Amid Tory cheers, she emphasised: "It is to the private sector to which we must look to increase jobs."

Those who granted large public sector settlements must keep within the cash limits, the Prime Minister confirmed.

Fury and derision overwhelm the PM

By Philip Rawstorne

FOR ALL her nuclear armoured defiance, Mrs. Margaret Thatcher looked politically vulnerable in the Commons yesterday.

Clasping Britannia's Trident proudly at one moment, she was all but overwhelmed the next as the tide of Labour fury turned again to unemployment.

The Prime Minister may have an economic argument for the increase in jobless but Labour vehemently exposed the inadequacy of her answers to it.

Another of her solutions was washed out in bitter derision yesterday.

Mrs. Thatcher had suggested that the jobless should be ready to move to other areas to find work.

It was no use them going to Slough, Miss Joan Lestor, the local Labour MP, reported. There were now too many out of work there as well.

Two unemployed youths from Merseyside had already been turned away from Guernsey, added Mr. David Alton, the Liberal MP for Liverpool Edge Hill.

Where should the jobless go? "Where? where?", Labour MPs demanded.

It was reasonable to expect some mobility of labour, Mrs. Thatcher retorted. Reasonable to expect people to move to areas where jobs were available.........

"Where? where?" Labour MPs yelled derisively.

Mrs. Thatcher hazarded no direction but insisted that there were some 400,000 vacancies waiting to be filled.

Mr. James Callaghan asked her to signpost these "areas of industrial success."

And what would be the effect on South Wales if all its skilled workers dispersed to these havens of prosperity? he demanded.

The Welsh worker had a tradition of mobility, Mrs. Thatcher replied.

Workers had left the coal mines of Rhondda, the steel works of East Moors and Ebbw Vale.

British education had benefited from the movement of Welsh teachers.

"Mobility is nothing new to Wales," she declared above an angry and scornful roar.

That mobility of the 1930s had left behind a bitterness that had still not been forgotten, Mr. Callaghan retorted.

Governments had worked since to bring an industrial revival to South Wales—"We are simply not willing to go back to your kind of policies," he cried.

Paler but still defiant, the Prime Minister said that everyone could not be guaranteed a job "where they happen to live."

"There must be some movement to where the jobs are . . ." she insisted.

"Where? where?"—Labour's punctuating chorus rose again.

Where should the unemployed steel workers of Wales go? Mr. Callaghan persisted.

"Some of them will move to other parts of Wales," Mrs. Thatcher responded weakly.

Waves of Labour derision engulfed her, as she added something about a reputation for rigidity being the worst that any politician could acquire.

Mrs. Thatcher struggled on, trying without success to stem the problems pouring over the despatch box, with vague assurances about the youth opportunities programme, skill centres, and advance factories.

"I believe there is only one party and one policy for Britain, and that is ours," she cried to loyal Tory acclaim.

But with warnings of social unrest to come, the Prime Minister wasted no time in showing her readiness to move from the Commons chamber to find a more congenial job.

Coalmines closures still necessary

CLOSURE OF some coalmines in the UK will still be necessary despite the seven-nation agreement at the Venice summit to double coal production over the next ten years.

This was made clear in the Commons yesterday by Mr. David Howell, the Energy Secretary, during the third reading debate on the Coal Industry Bill.

The legislation increases the National Coal Board's borrowing powers by £1,200 to £3,400m with a later increase bringing the total to £4,200m.

Mr. Howell said the nations at Venice had agreed that together they would double coal production over the next decade. He stressed the important word was "together" and that circumstances would differ enormously in each country.

The bulk of the increase would be in the U.S., whereas in Italy and Japan, where little coal was produced, the aim would be to import more coal for power generation.

Nevertheless, he believed that new prospects for British coal nationally and internationally would help to dispel the cloud of fear which still hung over some people in the industry.

"But obviously closures will continue, they are inevitable," he added. "They must will be balanced, by new capacity, by new jobs."

This brought cries of indignation from the Opposition. Labour MPs wanted to know where these jobs would be found and whether it would be in the hard hit areas of South Wales.

Biffen firm on further action to lower interest rates

BY IVOR OWEN

ANY FURTHER action by the Government to lower interest rates must be consistent with the monetary aggregates, Mr. John Biffen, Chief Secretary to the Treasury, told the Commons yesterday.

He declined to comment on the report in the Financial Times that any temporary surge in the money supply in the next couple of months caused by the end of the corset controls will be disregarded in determining the timing of the next reduction in the Minimum Lending Rate.

Amid laughter, Mr. Biffen stated: "I bear many burdens, but what appears in the Financial Times is not one of them."

The continuing anxiety on the Government backbenches about interest rate policy was underlined by Mr. Hal Miller (C., Bromsgrove and Redditch) who stressed that with the current high levels, manufacturing industry was bearing the brunt of the Government's attack on inflation.

There was a feeling, he complained, that the Government had not done enough to control public expenditure and public borrowing.

Sir Geoffrey Howe, Chancellor of the Exchequer, said he well understood the extent to which businesses, large and small, were concerned about interest rates.

He assured Mr. Miller that it was the Government's firm objective to reduce public borrowing and public spending.

Mr. Kenneth Lewis (C., Rutland and Stanford) warned that if industrial and commercial confidence was to return, it must be clear that inflation would soon be overcome.

"Industry will invest when it has hope," he said.

Sir Geoffrey—who confirmed that he expects a substantial fall in the annual rate of increase in the Retail Price Index next month—said there were encouraging signs that the Government's policies were taking effect.

Inflation was on the downturn for the first time for two years, he stressed.

The Chancellor denied Labour charges that the Government was deliberately seeking mass unemployment.

Like its Labour predecessor, he said, the Government recognised that it was only by the conquest of inflation that it would be possible to deal with the problem of unemployment.

Mr. Biffen told Mr. Tom Dalyell (Lab, West Lothian) that capital outflows since the dismantling of exchange controls seemed to have been running at about £1bn a quarter, for the greater part representing repayment of foreign currency debts by UK companies.

"Overseas purchases of sterling assets over the same period have more than offset these outflows," he reported.

Heseltine's draft on planning procedures will aid developers

BY ANDREW TAYLOR

A SERIES OF significant changes to local authority planning procedures designed to reduce delays and make it easier for developers to gain planning permission are proposed in a draft circular sent out this week by Mr. Michael Heseltine, Environment Secretary.

Mr. Heseltine is determined to take a tough line with those councils which he believes have hindered new development without valid reasons or which have unnecessarily delayed the processing of planning applications.

The draft circular sent to local authority associations asks councils to always grant planning permissions "unless there is a sound clearcut reason for refusal."

Planners should not attempt "to impose their taste on developers" or to try to "control such details as shapes of windows or doors or colours of bricks."

The circular, details of which appear in today's issue of Building magazine, says that local authorities should attempt to arrive at a decision within eight weeks of receiving a planning application.

This is already a requirement but a number of councils have in the past failed to meet this deadline.

Now Mr. Heseltine proposes that if a decision is not reached within eight weeks, local authorities should give applicants a proper explanation for the delay and provide a firm indication of when a decision will be made.

Also, local authorities would be required to supply the Department of Environment with information about how long they are taking to make planning decisions. "Delays should not be treated within the planning department as a matter of routine," says the circular.

It says delays could be cut by more consultation

SDA lists anti-Left candidates

BY ELINOR GOODMAN, LOBBY STAFF

THE RIGHT-WING Social Democrat Alliance took itself even further outside the pale of the Labour party yesterday when it produced a list of "anti-Left" candidates prepared to stand against official Left-wing Labour candidates at the next election.

On the list were eight former Labour candidates.

In a further challenge to Labour's national executive to throw its members out of the Labour Party, the Alliance also named its "priority list" of 27 MPs which it intended opposing.

Included on this list were 11 members of the executive.

The SDA's aim, the organisers said, was to oppose every Tribune MP at the next election. Ultimately, they claim they could end up fielding as many as 200 candidates.

Mr. Neville Sandelson—the Right-wing Labour MP who has been fighting a running battle with his constituency party for the past three years—said the SDA moves could well lead to the formation of a new party which could change the face of British politics.

But Labour leaders were dismissive about the Alliance's prospects and doubted whether they could make any impact on the electorate.

The SDA began as a Right-wing pressure group operating within the Labour Party. Some of its members still belong to the party but over the past two years it has effectively taken itself outside the party by its actions.

To run candidates against official Labour Party ones would be a clear breach of party rules and would intensify the pressure on the executive to expel SDA members from the party.

Parliament next week

COMMONS

Monday: Motions on the Social Security Orders on Benefits Up-Rating, Family Income Supplements, Child Benefit up-rating, Pensioners Lump Sum Payment, Married Women and Widows' Special Provisions, and Supplementary Benefit (Resources) and (Requirement) Regulations. Motions relating the Supplement Benefit (Single Payment, Aggregation, Deductions and Payments to Third Parties, and Transitional) Regulations. Consideration of Lords amendments to the Employment Bill. Proceedings on the following four Lords Consolidation Measures—Education (Scotland) Bill, Water (Scotland) Bill, Solicitors (Scotland) Bill, Criminal Appeal (Northern Ireland) Bill, and Second reading of the Highways Bill.

Tuesday: Debate on the Opposition Motion of No Confidence in Her Majesty's Government. Motions relating to the notification of Accidents and Dangerous Occurrencies regulations and the Industrial Tribunals Regulations.

Wednesday: Debate on a Liberal motion on the indifference of Her Majesty's Government to the plight of small businesses. Debate on an Opposition Motion on the disastrous effects of Government policies on the textiles and clothing industries. Motion on the Education (Assisted Places) Regulations. Remaining stages of the Law Reform (Scotland) Bill. Motion o nthe International Monetary Fund (Increase of Subscription) Order.

Thursday: The House will be asked to pass all the outstanding Votes. Debate on Developments in the European Communities January-December, 1979.

Friday: Debate on the Prison System, and on the report of the May Committee.

LORDS

Monday: Pier and Harbour Order (Great Yarmouth Wellington Pier) Confirmation Bill, Second Reading. Health Services Bill, Report. Deer Bill, Committee.

Tuesday: Tenants Rights (Scotland) Bill, Report. Cinematograph Films (Collection of Levy), Cinematograph Films (Distribution of Levy).

Wednesday: Housing Bill, Third Reading. Companies (Directors Report) (Employment of Disabled Persons). Motion for approval.

Thursday: Finance Bill, Second Reading and remaining stages. Coal Industry Bill, Second Reading.

Friday: Health Services Bill, Third Reading, Royal Assent.

Cash for fishermen plea to Walker

THE FISHING INDUSTRY is on the verge of collapse, the Opposition claimed in the Commons yesterday. Mr. Roy Mason and Mr. Gavin Strang, Labour's Agriculture and Fisheries spokesmen, pleaded with Mr. Peter Walker, Agriculture Minister, to give fishermen extra cash now to tide them over until the EEC works out the long awaited Common Fisheries Policy.

The fishing industry's plight was so desperate, said Mr. Strang, that it had led fishermen in North East Scotland to stop fishing altogether, and the strike was spreading to other ports.

"The fishing industry is now on the verge of collapse," he said.

"Unless the Government announces further temporary aid of at least £35m before MPs rise for the summer recess the industry just will not survive on a sufficient scale to take advantage of any deal the Government negotiates in Brussels," said Mr. Strang.

Mr. Walker said the fishermen's strike could not help their cause.

The Government shared their feelings, but Mr. Walker urged the striking fishermen to follow the advice of their leaders who, he said, had advised them to return to sea.

Mr. Mason said the fishing industry was going through "a disastrous year.

"The deep sea fleet is rusting on the quayside, and the inshore fleet is going on strike in protest about subsidised fishing imports.

"They desperately need help until a better deal on the Common Fisheries Policy is forthcoming," he said.

The appeal for extra funds for the fishing industries followed a report to the Commons by Mr. Walker on the latest round of negotiations of the EEC Fisheries Council in Luxembourg earlier this week.

He told MPs a further council meeting was planned for October when discussions would be completed on quotas, access and structural proposals.

At this week's council meeting, Britain had stressed the need for a "fair distribution of catches" taking into account the size of the resources within Britain's fisheries limits and the full extent of UK losses of fishing opportunities in third country waters, Mr. Walker said.

On negotiations for access arrangements, Britain made clear its requirement for "an adequate zone of exclusive access" and for preferential arrangements beyond, Mr. Walker said.

The Fisheries Council agreed to examine in detail all outstanding problems connected with the conservation proposal at its next meeting on September 29, he said.

Mr. Walker assured MPs the Government was now urgently considering the industry's latest appeal for funds, which did not reach his desk until last week.

He reminded MPs that the Government had responded when the industry sought aid earlier this year.

Mr. Walker denied an accusation from Mr. Roy Hughes (Lab, Newport) that there had been "no progress whatsoever" in reaching agreement on a fisheries policy.

There had been "important progress," Mr. Walker said.

Mr. Hughes said the fishing industry was "now at its wits end," and urgent help in the form of immediate short term aid was needed to combat the "despair and hysteria" now in the industry.

Mr. Walker said the problems of the industry were being "genuinely considered." He understood the problems of the Scottish protesters but was "pleased" they had been advised to return to work.

Express group makes cuts as sales fall

BY ALAN PIKE

EXPRESS NEWSPAPERS has told union representatives that the company is proposing a range of economy measures in the face of falling circulation and other market problems.

All four Express Newspapers titles — the Daily Express, Sunday Express, Daily Star and London Evening Standard — have suffered varying drops in circulation in the past six months. Mr. Jocelyn Stevens, managing director, told chapel (office union branch) representatives that since May Daily Express sales had declined by 150,000. The Sunday Express was down 50,900, and the Evening Standard down 17,449, since March. A smaller decline in circulation has been suffered by the group's most recently launched newspaper, the Daily Star.

Immediate economy measures will include a reduction in the number of printing presses used to produce the four newspapers and tighter control over areas like overtime payments, expenses and employment of casual workers.

But the company is also considering more drastic options. These include a possible end to London production of the Star — transferring the total print back to Manchester, where the newspaper originated —and changes in the midday edition of the Evening Standard. Union representatives ...d that a decision on the transfer of the Daily Star would depend on the effectiveness of the more immediate economy measures.

After Mr. Stevens announcement, departmental managers yesterday began outlining the proposed economies to their staff. The company said last night first indications suggested that the need for the moves was understood by the workforce.

Express Newspapers said it was not proposing redundancies, and the future of its titles was not in doubt. It sees the measures as a reflection of the national economic situation's effect on the newspaper industry in general.

Print union leader blames the Government for newsprint crisis

BY PAULINE CLARK, LABOUR STAFF

THE LEADER of one of Britain's biggest print unions yesterday blamed the Government for a crisis in the newsprint industry which is threatening 1,500 jobs at the Bowater plant on Merseyside.

Mr. Bill Keys, general secretary of the Society of Graphical and Allied Trades, said the union would seek urgent talks with the Government on the newsprint prices problems in Britain and warned that the union would fight to save the industry.

Union and paper industry leaders have already called for temporary import controls and big cuts in energy costs. Mr. Keys said he could not rule out industrial action because of the threat to the industry.

Mr. Keys said the union could not allow Bowater to become the next major casualty in the industry.

"Six paper mills have closed this year already and I know of five more mills which are in danger of closing unless the Government acts now."

The Bowater company, one of the country's biggest paper manufacturers and supplier of half the newsprint to Britain's newspapers, warned Sir Keith Joseph, Industry Secretary, this week that its plant at Ellesmere Port was faced with closure unless substantial Government aid was granted by Thursday.

Mr. Keys was worried about the future of 60,000 jobs in the industry. The union will next week publish a special report on the problems which it claims are threatening thousands of jobs.

"It is up to the Government. They have to introduce import controls in newsprint and do something about energy costs," he said.

"The paper-making industry is a tremendous user of energy but we are not seeking preferential treatment. Paper-making companies in virtually every other country are given Government help."

Bowater and other newsprint companies have suffered by having to maintain high prices compared with subsidised imports. Bowater is losing about £5m a year on its newsprint operations in spite of major cuts in capacity over the past decade.

Editorial comment, Page 16

BBC peace plan to be discussed

BY NICK GARNETT, LABOUR STAFF

THE BROADCASTING panel of the Musicians' Union executive, together with its BBC orchestras committee, will this morning discuss the compromise peace formula worked out early yesterday to end the musicians' strike.

The executive will decide whether the proposals — designed to save some of the Proms and end the immediate dispute over orchestra cutbacks —should be endorsed and sent out to ballot or rejected.

If it is decided to put the proposals, worked out at the Advisory, Conciliation and Arbitration Service, out to ballot, the executive will decide what recommendation if any should be put with it.

Mr. Stan Hibbert, the union's assistant general secretary, said yesterday if the executive decided on a ballot, the papers would be sent out this afternoon, with a result expected by next Wednesday or Thursday.

If the ballot was in favour, the union would expect musicians to resume normal working on August 4, with the first Proms beginning a few days after that to allow for practice.

The union's negotiators, including Mr. John Morton, the general secretary, believe the proposals are the best they could have achieved under the circumstances.

The proposals, formulated in discussions chaired by Lord Goodman, are understood to involve the withdrawal of the dismissal notices to the 170 musicians who were due to lose their jobs as a result of the cuts.

At least a few of the five threatened orchestras would be saved, but with reductions in the scale of some of the remaining orchestras.

The proposals would involve job losses but probably with further negotiations between the union and the BBC. The union is understood to have secured better redundancy terms, including a percentage payment of previous earnings — there was some discussion of a figure of 60 per cent of these earnings — together with a lump sum payment.

The decision to disband five of its 11 orchestras was taken by the BBC as part of a £130m cost-cutting programme.

Agreement near on wage deal

BY PHILIP BASSETT, LABOUR STAFF

THE GOVERNMENT has all but secured union agreement to a £113.3m pay offer, worth 16¼ per cent on the pay bill, for 160,000 industrial civil servants, following acceptances of the offer by a majority of the workers concerned.

Leaders of the blue-collar civil servants, who are mainly employed by the Ministry of Defence in RAF bases, dockyards and other defence establishments, will wait until all 12 unions involved have made their responses to the pay offer before giving their final agreement.

However, the acceptance of the offer—by the unions with the largest memberships in the group—the General and Municipal Workers, the Electrical and Plumbing Workers and the Transport and General Workers —has already established a numerical majority in favour.

The deal will give basic increases of about 18 per cent, although the findings of Pay Research Unit comparability studies for the group showed rises due of 25-26 per cent. The size of the package is being kept down to 16¼ per cent because shift, premium and other allowances have not been increased pro rata.

The deal will take the basic rates of those on the lowest band of the scales from £54.50 to £64.30; those on band eight, a mid-range group, from £62.30 to £73.50; and the highest-paid craftsmen from £72.25 to £85.25.

Delegate conferences of both the GMWU and the TGWU indicated their acceptance of the offer yesterday, and negotiators from the EPTU have also informed officials on the trade union side of the group's joint co-ordinating committee of their acceptance.

TGWU shop stewards, however, were angry that the Government had not honoured the pay research findings for the industrial civil servants when it had done so for the non-industrialists who settled earlier this year for an average increase of 18¾ per cent.

Mr. Mick Martin, TGWU public services' national secretary, said that the union had "reluctantly" accepted the increases, which it recognised were the most which could be obtained in the present economic and political climate.

He said TGWU members felt cheated by the Government over the deal. If the Government refused to honour pay research a second time, it would "obviously lead to trouble in military establishments".

Telecommunications pay deal agreed

BY NICK GARNETT, LABOUR STAFF

THE UNION of Communication Workers has accepted a pay deal for its 34,000 telecommunications members giving rises of more than 20 per cent, in line with settlements concluded for engineering and executive staff.

The deal adds 20 per cent to basic rates made up from an increase of 18 per cent new money, with a further 2 per cent which is an existing productivity bonus consolidated into those rates.

The settlement also includes a 3 per cent bonus, 1 per cent of which will be paid in December and the remaining 2 per cent in April.

In relation to this extra bonus money, the union, formally the Union of Post Office Workers, is issuing, with the Post Office, a joint statement to its members encouraging them to co-operate with changes to improve the quality of service.

The union has accepted a pay increase on behalf of its 5,000 catering workers employed in posts and telecommunications.

This is a similar deal to that for the telecommunications workers, but excludes the 2 per cent April bonus payment.

The union agreed a pay deal earlier this year worth about 16 per cent for its grades in the postal service, whose settlement date is April.

'Buy British' plea over RAF order

BY OUR LABOUR STAFF

TASS, the white-collar section of the Amalgamated Union of Engineering Workers, urged the Prime Minister and Mr. Francis Pym, Defence Secretary, yesterday to place a RAF order for communications aircraft with British Aerospace rather than an American Competitor, in order to preserve British jobs.

Mr. Bill Niven, TASS national industrial officer for aerospace, said that if the Government responded to pressure from its civil servants to place the order in America more than 2,500 jobs would be lost in the area of British Aerospace's Scottish division at Prestwick, Ayrshire.

The area, he said, had already lost about 3,000 jobs in recent redundancies announced by Massey-Ferguson, the tractor company, and Monsanto

An £11m investment had already gone into development of the British Aerospace Jetstream aircraft. "It would not make economic sense to buy American, on a simple price comparison."

Doubts had been expressed, too, as to whether the American Beechcraft aircraft fully met RAF specifications.

Mr. Niven said that it was time that civil servants "learnt some social cost-accounting."

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MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

Venturing out of a nickel-plated mould

Inco is spending an unusual amount of time and money nursing into the market the fruits of its research. David Fishlock reports

INCO, THE world's leading nickel producer, has just taken a bold decision which could change its product spectrum significantly during the 1990s. On the recommendation of Dr. Ray Decker, vice-president in charge of research and development, the Toronto-based board has committed substantial funds to commercialising new research-based ventures.

The company has allocated $7m a year to MPD Technology, a subsidiary which acts as a nursery in which selected ideas from its own scientists are being cossetted. During the next five years the commercial potential claimed for them will be proved (or disproved) and production routes optimised. The decision to commit more resources to MPD, says Dr. Decker, followed Inco's appraisal of a study called "The risky business of diversification," published in Harvard Business Review last year (May/June 1979) in which the performance of new business ventures launched by about 200 companies was examined.

The study showed that new ventures are "not for the faint-hearted nor the impatient," says Roger Tharby, managing director of MPD Technology in Europe. It found that cash flow is unlikely to be positive in the first eight years, and that such ventures need an average of 8-10 years before they make profits; and 10-12 years before they can be expected to yield the kind of return one expects of mature businesses.

Scientists must by nature be both patient and optimistic. Far from being deterred by these long periods of gestation, Ray Decker takes heart especially from the "classic" case of the 3M Company. For more than 30 years its top management has supported a corporate new-venture activity. In the 1970s 3M's new business venture division spun off new products and business aggregating sales almost equal to an average established 3M division.

Dr Decker—a metallurgist, like many Inco top executives—has great faith in "supply economics"; in this case, in technologists helping to open up new markets. By the end of this year he will have spent about $8m laying the foundations of MPD Technology since the late-1970s, using ideas and people from his three research centres, one in England and two in the U.S. His target is that by 1990 each new venture nursed to adolescence by MPD shall have sales exceeding $50m, pre-tax profits of $10m and an operating return on investment of at least 30 per cent.

Inco desperately needs to diversify out of the original commodity which built it into a group with sales of $2.5bn last year. From its beginnings in 1916, the company has pioneered most of today's uses for nickel. Two decades ago it had 70 per cent of the western world market. Today, although still market leader, its share is only 29 per cent. Not only have more suppliers entered the market, but nickel demand has become still more cyclical.

Ray Decker believes that Inco's considerable success in discovering new uses for nickel—new nickel-rich alloys for jet engines, chemical plant and cars, for example—encouraged other, less innovative producers to market nickel and undercut Inco's prices. Today it is one of half-a-dozen big producers. It spends $16m a year on research at the centre and a total of $40m on corporate R and D and engineering.

Freedom

Decker himself is chairman of a technology co-ordinating committee for the whole $40m, on which sit executives from each of its four divisions. Each division pursues its own R and D and in addition commissions work from Decker's three corporate research centres on the customer-contractor principle.

The corporate laboratories are seen as the main fount from which new research-based ventures are most likely to spring. For this reason MPD Technology — the letters stand for "materials, processes and devices"—has its home in the laboratories themselves. It was born in the U.S. laboratories in New York State, in 1976, and a parallel organisation was created at Inco Europe's laboratories in Birmingham two years later.

The European research centre, directed by Dr. Alan Folwell, specialises in two lines of research: materials and processes, and electrochemistry. It has spawned two of the five new ventures currently being nursed by MPD, and shares another with the U.S. scientists. Dr. Folwell stresses the freedom his scientists have to pursue research of their own choosing, in tandem with projects commissioned by the business divisions.

This freedom has been "very fruitful," claims Dr. Decker, who introduced the notion two decades ago. "It gives a real incentive to start something from the grass roots." As Alan Folwell sees it, the important factor is not to "over-manage." A list of the unsponsored lines of research his scientists are following is submitted to him at intervals. He admits that he finds it hard to curb his own curiosity—to resist the temptation to inquire how an idea is progressing, until the scientist himself volunteers to talk.

It is MPD's job to monitor this research and help to winkle out schemes that might grow into new businesses. MPD itself is managed by scientists and reports directly to Dr. Decker, based in the U.S. As MPD divisions—as it prefers to call its new ventures—take shape they will continue to draw their technology from the research laboratories until they are strong enough to have their own, says Roger Tharby.

MPD, a team of 21, has been designed to nurse a total of six new ventures. In Birmingham it is nursing four at present, with a fifth taken care of in the U.S., and the sixth "coming up." The limit on the number of ventures was set by what the Inco board was prepared to make available by way of people and money to carry out this kind of intensive care for its entrepreneurs.

MPD should never be taken unawares by a proposal, says Dr. Derek Burr, its general manager. It expects to have followed any idea for two or three years before taking it into its own care. Each area of MPD has the freedom to draw its ideas from any part of Inco's research. It may think a British idea will do better in the U.S. market, for instance.

Even at this stage each venture will have a business plan, "not too specific," drawn up by the man MPD has identified as the potential manager.

Once accepted by the nursery, MPD expects to cosset a venture for five years, unless it folds in the meantime. By then, although it will still not be profitable, it is expected to be sturdy enough to stand alone. At this point one of four things will happen: it might be declared a new division of Inco; it might be added to one of the existing divisions; it might be sold, if judged unlikely to meet the corporate criteria on sales and profits; or it might be judged to have failed. For the manager whose project fails there can be no guarantee of a new job but he will be "sympathetically considered," says Tharby.

Hurdles

Dr. Burr is confident that all four new ventures being cared for in Birmingham will prove a success. "These four are going to live." He believes they have already surmounted their biggest hurdles.

One aims to exploit Inco's advanced technology of high-speed electrodeposition to make nickel foils and perforated foils to much tighter specification than can be managed economically by rolling. Potentially large markets include a new type of battery and "the best solar collector surface in the world."

Another, also British in origin, is called Temprass, and is based on techniques for forming very tough metals such as stainless steels and titanium alloys. It is exploiting new alloys exhibiting the property of "superplasticity" and new techniques for forming red-hot metal. The plan is for Inco itself to open up a market as a supplier of high-added-value components to the aerospace and defence industries.

Alloy Polymers is a venture based on the invention in Inco's U.S. laboratories of an engineering plastic—essentially polypropylene laced with carbon—which can easily be electroplated. The big targets for these "Caprez" plastics are chromium-plated trim for the car industry and for domestic plumbing, etc.

The fourth venture, Ergenics, draws its technology from both sides of the Atlantic. This project is based on facilitating the uses of hydrogen gas as a fuel. It promises to take Inco into quite sophisticated systems for storing and compressing hydrogen, into heat pumps and other hydrogen-fuelled machinery, and into porous nickel electrodes for the large-scale manufacture of hydrogen by electrolysis.

These new business ventures, all born of Inco research, form one arm of the corporate diversification programme. The other two arms use mergers and acquisitions, where the initial cost is high compared with MPD's activities, but the risk is lower; and venture capital in support of new ventures outside Inco's expertise. Biogen, the genetic engineering venture based in Geneva, of which it has 24 per cent, is a good example of such an investment.

For MPD's ventures, the cost of entry into the market is relatively low, because the ideas, skills and technology base are all available inside the company. But the risk is high and the timescale is long. Dr. Robin Nicholson, managing director of Inco Europe, sees it tapping the talents of researchers who are not making good headway in research itself but show a flair for business.

As might be expected, Dr. Decker takes a more cautious view than his MPD executives of the chances of commercial success of new ventures. He expects 50 per cent to fail while in their care. But he expects those which survive five years of nursing to go on to commercial success.

If you want to know the tempo, ask an MEP

SMALL businessmen who want to launch themselves in other European markets or need to know what EEC laws affect them should get in touch with their friendly Member of the European Parliament. He or she is well equipped to help—better placed, in fact, than a national MP is to provide a similar service.

This was one of the messages to emerge from a recent conference in London organised by the European Democratic Group of the European Parliament, predominantly composed of British Conservative MEPs. The conference was designed to provide a forum at which MEPs could establish what British small businessmen are seeking in Europe and from the European Parliament.

The outcome was a mixture of expected suggestions, such as a special fund for financing small businesses, and surprises like a proposal for a common time zone throughout the EEC to give businessmen more hours in which to make contact in other countries.

David Mitchell, the Industry Minister with special responsibility for small firms, reaffirmed his support for a sector that was the "backbone for a free Europe," but admonished small firms for having "barely started to tap the vast and rich market on our doorstep on the Continent." He also urged that just as small firms must ensure they influence policy makers in Whitehall and Parliament in Westminster, "so too they must use the machinery now available to do the same in Europe."

But for all the discussion of broad ideals in relation to the potential of a vast European market and the need to get a better balance between the numbers of small and large companies, it was more down-to-earth problems like the administrative burden of Value Added Tax which preoccupied many small business representatives.

Stan Mendham, of the Cheshire-based Forum of Private Business, reckoned that a major preoccupation of his members was that the VAT exemption threshold should be raised substantially. It has recently been lifted to £13,500 by the British Government, and David Mitchell has said he would have liked it to go higher. But he has also pointed out that Britain is now bound by previously agreed EEC regulations.

The conference was held partly as a response to the major U.S. small business conference that took place in Washington in January. But it was also prompted by the reaction of small businessmen and their representatives when MEPs canvassed them earlier this year. "We heard a noise, but no message," said Fred Tuckman, MEP for Leicester and chairman and chief instigator of the conference. So a get-together was seen as a way of getting agreement on matters that could be focused on in the European Parliament.

Major gap

If the areas for action which finally emerged were somewhat broad and lacking in detail, this was largely due to the brevity of the conference; it lasted just one day and would have needed a further session to put meat on the bone. The Washington conference lasted for the best part of a week.

However, a dialogue was clearly established between UK small business organisations and the MEPs. This in itself could prove to be a major step forward in enlightening the former to the possibilities that exist for them in the EEC, and to the problems with which they will have to contend. For it was clear that a major communications gap exists. Where does the small businessman find out about Europe?

This problem is not helped by some small business organisations blaming, for example, the Chamber of Commerce for failing in this area, while Chambers of Commerce counterclaim that small business people just do not read the information with which they are already provided.

Six areas for action were agreed on. First was for specific EEC funds to be earmarked for British small business (although it was not made clear what such funds would be used for, or whether they should be allocated as a new fund or from existing funds).

Second, it was suggested that the European Democratic Group's recently constituted small business committee should produce a small businessman's guide to the EEC, giving information and advice on grants, loans and other matters, as well as explaining how to formulate applications and how Community decisions are reached.

Time zone

Third, an investigation should be made into whether the British small business sector is too small in relation to that of other EEC states; the viability of a uniform time zone should be researched; the working of patent law should be scrutinised and the effects of non-tariff barriers on trade should be investigated.

It was felt that a report should be produced on the experiences of the U.S. Small Business Administration and that the EDG should also examine those areas where needs for EEC finance were not being met. Finally, an investigation into documented instances of suspected bureaucratic or legislative excess was proposed.

Some division emerged among the delegates on the much-discussed question of a loan guarantee scheme, a concept already practised in several continental countries. The small business organisations appeared to be generally in favour, but banking representatives were largely cool. For his part, David Mitchell confirmed that the possibility of such a scheme was being examined, but he questioned whether, at a time when the government was trying to lower the level of bank lending it should embark on a scheme that would increase it.

Nicholas Leslie

Technical News

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● PROCESSING

Solves X-ray plate storage problems

MADE BY Nemas Bv in The Netherlands and now to be made available in the UK by Micrologic Consultants of Basildon is a system which will reduce x-ray plates of sizes up to 17 x 14 inches to an accurate copy on 35mm film, achieving tone scale improvement at the same time.

The system, which can be used in daylight, employs a cathode ray tube mounted vertically upon which the x-ray plate is placed. A blank raster is scanned by the tube beam and the light spot produces results in a varying light output from the tube face as different film densities are encountered. Thus, each pixel of picture produces a light level and this becomes the input of a photomultiplier and a tone adjustment system. The output of the multiplier is then used via a lens/mirror system to scan a corresponding raster across the 35mm film.

Since the negative x-ray plate on negative 35mm film results in a positive image, chemical reversal is used in processing to restore a negative of the kind the medical profession and other x-ray users are accustomed to. Viewing is on a microfilm reader.

The equipment, which costs £21,000, is aimed at hospitals where the cost of storing a large number of big x-ray plates is considerable, not only because the silver cannot be retrieved, but also because a great deal of space is taken up and large envelopes have to be purchased to keep the films.

It is also claimed that the image is improved in relation to the original plate so that diagnosis can be easier.

Given the present price of silver (£6.40 is recovered for every kilo of film) and taking all other savings into account, the company claims that the average hospital will recover the cost of the equipment within a fortnight.

More from Micrologic House, 40 Bowlers Croft, Cranes Industrial Estate, Basildon, Essex (0268 281450).

New electroplating line

AN ADVANCED electroplating line with a microprocessor-based control system has been supplied by W. Canning Engineering to a new factory for producing piston rings.

Wellworthy of Lymington, member of the Associated Engineering Group, is nearing completion of a £10m piston ring manufacturing unit at Belliver, Plymouth, believed to be the most sophisticated of its kind in the world. The Canning line hard chrome plates the periphery of piston rings, made of cast iron, for diesel engines. Various types of ring are produced at the Plymouth factory in sizes ranging from 2¼ to 6¼ in diameter.

The return type Glydaire electroplating plant, 72 ft long, 25 ft wide and 15 ft 9 in high, has a double line layout with cross transfer unit, each "leg" of the line having a single transporter. For plating, the piston rings are mounted on mandrels. The transporter takes one mandrel per carrier bar, with a total maximum mandrel and work weight of 100 lb.

Plating vats accommodate two mandrels, each with independent rectifier control, and process time varies between three and 15 hours, depending on the type of ring. Hard chrome thickness is 0.007 to 0.016 in before final machining.

Unique to the plant is the microprocessor control system. Each transporter contains its own microprocessor which directs movement and ensures compliance with appropriate safety considerations. A pre-set controller independently controls the transporters and issues start/stop instructions to ancillary plant. This controller stores details of all the pre- and post-plating operations. After plating it computes from which leg of the double line the flight bar must be retrieved and puts it through the post-plating sequence including the cross transfer unit.

W. Canning Engineering, Gt. Hampton Row, Birmingham B19 3JS. 021 236 8621.

● HANDLING

Moves bulk materials with ease

THE NAME Caterpillar has over the years been synonymous with construction equipment such as hydraulic excavators, tractors, scrapers, off highway trucks and so on. It is a name which may become equally well-known in the industrial bulk materials handling field because its owner, the Caterpillar Tractor Company of Peoria, Illinois, is backing a British designed machine which is based on its 235 hydraulic excavator.

This 360 degrees swing machine is being marketed by H. Leverton and Co., a wholly-owned subsidiary of UAC, and it has been designed to handle materials ranging from scrap metal to coal, iron ore, grain and refuse. It is stated that while the machine has been found to be particularly suitable for handling scrap metal it has shown equal efficiency (when fitted with the right accessories) when employed as a dredger or sludge handler.

Leverton says the 235 materials handler has been found especially suitable for loading and unloading ships, thus speeding turn round of vessels. In one case, about 1,500 tons of scrap metal was loaded into a vessel in 10 hours, thus allowing it to sail on the next tide. It can load road and rail vehicles with equal facility, it is claimed.

The machine weighs 46 tonnes, has a maximum horizontal outreach of 15 metres and a height of just over 12 metres. With a standard arrangement it will reach a depth of 6.3 metres, but with attachments can go down to 15.2 metres and still provide 3 metres of ground clearance for dumping.

With what it calls a standard back hoe configuration the 235 is to sell at about £100,000, but arranged to deal with specific materials and problems of handling it could cost as much as £135,000.

However the versatility of the machine is such, says Leverton, that together with the available range of configurations and special attachments, it could soon recompense for the initial financial outlay: materials can be placed precisely and transport kept fully employed with the minimum of waiting time.

H. Leverton, which is the Caterpillar distributor for the north, east and south-east of England developed the machine in conjunction with Westlode Engineering and it will be available from Caterpillar dealers in all parts of the world. In the meantime, full details of the machine and its capabilities can be obtained direct from Leverton at Maidenhead Road, Windsor, Berks (Windsor 68121).

The long arm of Leverton's Caterpillar 235 materials handler reaches down into a barge.

Truck goes all ways

STORAGE/RETRIEVAL system of T.R.W. Clifford has been redesigned and, with the use of four-way trucks, enables the company to hold up to 50 per cent more steel bar storage capacity, says trucks supplier, Sidatracker Engineering, Station Road Industrial Estate, Clowne, Chesterfield (0246 810655).

Four-directional travel on the Sidetracker GP truck is achieved by a separate set of load wheels for forward and sideways motion, the driver selecting the direction by means of a single control lever.

Change of direction is said to be fast—the time being virtually equivalent to the time it takes to operate a lever.

This particular truck, says the maker, provides one of the most economical forms of materials handling available for a situation where height and space restrictions limit a truck's manoeuvreability.

● SAFETY

Takes samples of the air

INSTEAD OF the customary technique for personal air sampling in which the contaminated air is drawn into the unit by a pump, a system developed by Casella London makes use of a pre-evacuated aluminium container.

Air is admitted through an adjustable flow-controlling valve for periods ranging from 10 minutes to eight hours. The collected sample can then be analysed for components of interest, most commonly by gas chromatography or mass spectrometry.

The device weighs only 60 grams (2 oz) and is of course completely safe in flammable atmosphere since no source of electricity is needed. It is also considerably cheaper than pump instruments. Designed at the Medical Research Council, the container can be slipped into any convenient pocket while the tip of the plastics air-tube is positioned close to the subject's breathing zone.

A kit can be supplied containing six cylinders, two control heads and accessories.

More from Regent House, Britannia Walk, London N1 7ND (01-253 8581).

● ENERGY

More heat with less fuel

HIGHER COMBUSTION efficiencies, and a considerable saving in energy costs, can result in boilers where turbulators of a new type are inserted into the fire tubes, says AEW Energy, Walworth Industrial Estate, Andover, Hants (0264 61331).

These benefits are evident following installation of the turbulators in a boiler at Akzo Chemie UK at Gillingham, Kent, where there is a Thompson Cochran Multi-Pak B type, rated at 8820 lb/h steam at 150 psig.

It is a three pass, wet back installation, fired by a Hamworthy AW1-10 rotary cup, forced draft burner using 3500 sec heavy fuel oil. Approximate consumption before fitting AEW turbulators was 1m litres a year at an estimated cost of £100,000.

Turbulator strips were inserted in only one hour, plus two hours for replacing the boiler front plates and covers, undertaken by AEW's regional distributor, Bowden Brothers of Bromley, Kent. Boiler operation was interrupted for only one day. Immediate effect, says the company, was an increase of fuel combustion efficiency of 4.5 per cent measured by the temperature and CO_2 content of flue gases.

Although relatively new to the UK, turbulators of the type supplied by AEW are much more widely used in the U.S. where they are rapidly replacing alternatives, such as baffles, spinners and other devices—some of which present back-pressure, weight and incompatible expansion rate problems.

Formed in 14 gauge mild steel, they are shaped to present a many faceted surface to the flow of hot gases in the final pass of boiler fire tubes.

Without back pressure or baffle effects, the turbulators create a high level of turbulence in the gas flow, preventing the formation of "hot cores" and forcing the gases into direct contact with the tube walls.

Heat transfer is greatly improved by this 360 degrees, evenly distributed release of heat into the tube walls.

For each boiler installation, the length, width and angle of the turbulator faces may be varied to achieve optimum performance. Commonly, strip faces are formed into opposing 30, 45 and 60 degree bends.

Longer turbulators with some resistance to gas flow are often placed in the top tubes of boilers, with shorter strips in the lower tubes. This improves the distribution of hot gases, pushing them deeper into the system. Better water circulation within the body of the boiler is achieved, with greater mass circulation effect.

Problems of condensation in the lower tubes (which can occur when lighting a boiler from cold) are minimised and it is also claimed that the reduction of differential expansion achieved by more uniform heating extends boiler life.

New turbulators as installed at Akzo Chemie are easily removed for inspection or cleaning and, even in a system failure situation, it is said extensive overheating would only cause them to flatten, thereby reducing any risk of damage to the boiler tubes.

● METALWORKING

Improved control tapes

OFFERED BY Geisco on the Mark 3 remote computing service is a numerical control preparation system of interest to those with NC purchasing, shearing and other sheet metal fabrication machines.

It has been developed in the U.S. by Structural Dynamics Research Corporation and allows data for NC tape preparation to be produced using a time sharing terminal and a plotter. Programming and verification times are said to be substantially reduced while scrap is minimised through proper layout patterns. Known as Hi-Pro, the system already has 80 users in the U.S.

There are programs to deal with parts programming, pattern layouts, minimisation of tool travel, and visual verification and documentation via the plotter. A final program will generate a specific format for a particular punch press, for feeding an NC punch.

The visual verification program is particularly useful since it allows users to view the output at any angle and to "window in" on a specific area. Errors such as tool collisions are obviated.

Geisco is at 114 Southampton Row, London WC1B 1AB (01-242 5725).

THE PROPERTY MARKET BY MICHAEL CASSELL

British Anzani—now the latest chapter

THE four-and-a-half thousand shareholders in British Anzani, the construction and property group which has struggled for survival since 1977, may be permitted a wry smile on hearing news that some accounts are finally on the way.

It will not be the first time that such a tantalising prospect has been held out by a group whose shares have been suspended for the best part of three years and which has given little or no insight into the efforts made to keep Anzani going.

But it really does seem that shareholders could soon be receiving some hard information about a business which has been to the brink and back but which can now—with their approval—look to expansion and talk of equity funding plans to help build a new future.

Not only should they have detailed accounts for 1977-78 and 1978-79 dropping through their letterboxes within three months but they will be learning of a sequence of events every bit as interesting as the long-lost figures.

It now appears that Anzani is within grasping distance of sorting out a tangle of affairs and characters which has gone on behind the scenes since the group announced in November, 1977 that it was negotiating for survival with some of its creditors.

Numerous debt-reducing deals (as well as a few directors) have since passed under Anzani's particular bridge, but a recovery programme is well under way and shareholders should soon enjoy the rare experience of again participating in their company's affairs.

At the centre of the "new look" Anzani, which has not yet freed itself from a troublesome past and has some way to go before talk of profitable trading can be resurrected, are the two men who between them own and run Connaught Property and Land.

One of them is Mr. Michael Morris, a property man who was last seen in public when he was at the Guardian Bank and who, when it failed in 1967, personally saw to it that depositors were repaid £200,000 from his own resources. His partner is builder Mr. Kenneth Fincken and the two men set up Connaught about two years ago. Their involvement in Anbani's life-saving operation is being equally shared with interests represented in the shape of the Savings and Investment Bank of the Isle of Man.

Anzani started life as a manufacturer of outboard motors and agricultural equipment and turned its hand to property in the late 1960s. It was property which brought the group to its knees and, in a bid to clear heavy debts and eliminate losses, Anzani embarked on a disposal programme which left it with a net asset value below the 15½p suspension price, little property to talk of and a business confined to civil engineering, building and some asphalt and plant-hire activities.

Mr. Morris and Mr. Fincken first took an interest in Anzani towards the end of 1979 when they were looking for run-down businesses thirsting after finance. They found Medway Secondary Metals, an Anzani subsidiary which appealed to them as a dealing operation, albeit in scrap nad not property.

The deal ran into delays and was only completed when Connaught agreed to pay out the company's bankers rather than buy it with the existing overdraft. It is understood that the total sum involved in the purchase amounted to about £460,000 including debt repayments. The deal was concluded in early February.

A few days later, the board of Anzani approached Connaught to see if it was interested in helping the group as a whole. By late February, Mr. Morris had finalised plans for a complete reconstruction of the company and arranged terms to supply the required finance.

But in the meantime Anzani had apparently been casting the net wider and on the eve of an already postponed winding-up hearing in the High Court the company's talks with another potentially interested property group, thought to be Marler Estates, ran aground.

Resigned

Connaught was by now a creditor to the tune of £250,000 for the work done and Mr. Morris was again brought in. The makings of an agreement were put together a week before the High Court hearing, and three of the most recent recruits to the board, Mr. Ivor Shrago, Mr. J. J. Ullman and Mr. M. J. Morris, resigned.

Since April, the recovery plan has been put into operation. With the Savings and Investment Bank, Connaught managed to get the petitions lifted by purchasing for over £400,000 the near £1.8m debenture from Anzani's principal bankers and making a start on repaying a similar amount to the Inland Revenue.

The Connaught-Savings and Investment syndicate has also put up around £1m in order to open up some of the company's sites and try to give something to non-petitioning creditors (owed around £2m).

Options

Connaught and its partners are so far thought to have put about £1½m into the company and, while it has acquired options on Anzani shares, its actual holding is still under 5 per cent. It is thought, however, that the syndicate's plans envisage an eventual holding of anything between 30 and 50 per cent of the equity.

For Anzani itself, the group is thought to have around £7-8m of work in progress and an annual turnover of something between £15m and £20m. An equity funding plan to help repay outstanding debts looks likely and the syndicate could be expected to take up its rights in any issue and may well also commute some of its debenture to capital.

Connaught says it has deals under way worth around £2m in profits which could go into Anzani. The now healthy scrap operation (turnover of about £350,000 is heading for £500,000) could also be injected back into the group.

The three Anzani directors remaining—Gerald Fanil, Bob Rushton and Malcolm Norris are, with accountants being paid by the syndicate, working to produce a full picture for an AGM in the autumn. Shareholders should then at least have the chance to vote for a new future.

IN BRIEF

● North British Properties has purchased the former St. Ann's school in Queen Street, Manchester, and is to build a five-storey, 11,500 sq ft office block on the site. The freehold scheme will be known as Queen's Court.

● The Royal Oak Benefit Society has told its former 4,000 sq ft freehold headquarters at John Street, WC1, for around £275,000 to a subsidiary of Bloomsbury Properties. The new owners intend to let the 1,500 sq ft vacant accommodation after refurbishment. Norman Hirshfield Ryde and Browne acted for Royal Oak and W. H. Read represented Bloomsbury.

● Woolwich Equitable Building Society has purchased the heritable interest in 16-20 Murray Place, Stirling, from Abbey Life. A figure in excess of £400,000 was paid for the three-storey building. Healey and Baker acted for the Woolwich.

Hong Kong booming

OFFICE TENANTS in the booming Hong Kong property market are now paying almost as much for top quality accommodation as tenants in central London, according to the latest international survey carried out by British-based agents Richard Ellis.

The survey shows that best quality air conditioned suites of 5,000 sq ft now fetch an average rental of £21.60 a sq ft in Hong Kong. This compares with a top average rental of £22 a sq ft for small space in central London—still higher than anywhere else in the world, says the agents.

Hong Kong rents, however, include service charges which are not normally paid by British tenants. Excluding service charges Hong Kong rents average just over £16 a sq ft.

London's clear lead in the rental table—which Richard Ellis measures against office rents in 22 other major international centres—has been considerably eroded over the past six months during which time Hong Kong rents have risen by over £5 a square foot.

New York is now placed third in the rental league with tenants paying an average of £17.95 a square foot for small suites, including service charges.

Ellis believe that significant changes may be underway in the climate for international investment in the office sector, with increasing emphasis being placed upon investment in developing nations while growing automation of office services in industrialised countries will also influence the market.

Share prospects are looking 'reasonable'

WITH THE property share index currently standing at its highest level ever, having outperformed the all-share index over the past three years, the prospects for the sector still look "reasonable," according to brokers Quilter Hilton Goodison.

Quilters point to sound balance sheets, sharply rising profits at a time when companies elsewhere are under pressure, the prospect of falling interest rates which help sentiment (even if they have little impact on revenue profits) and, last but not least, the readiness of investors to accept lower discounts in a bull market.

In view of all this, say Quilters, "it looks as if the property sector over the coming months should continue to move in line with the equity market."

The firm, along with several others, is expecting a revival in bid activity in the near future, largely in view of the unsatisfied demand for good properties. The KIO-Hay's Wharf affair and the Costain-County and District talks could well be signs of things to come.

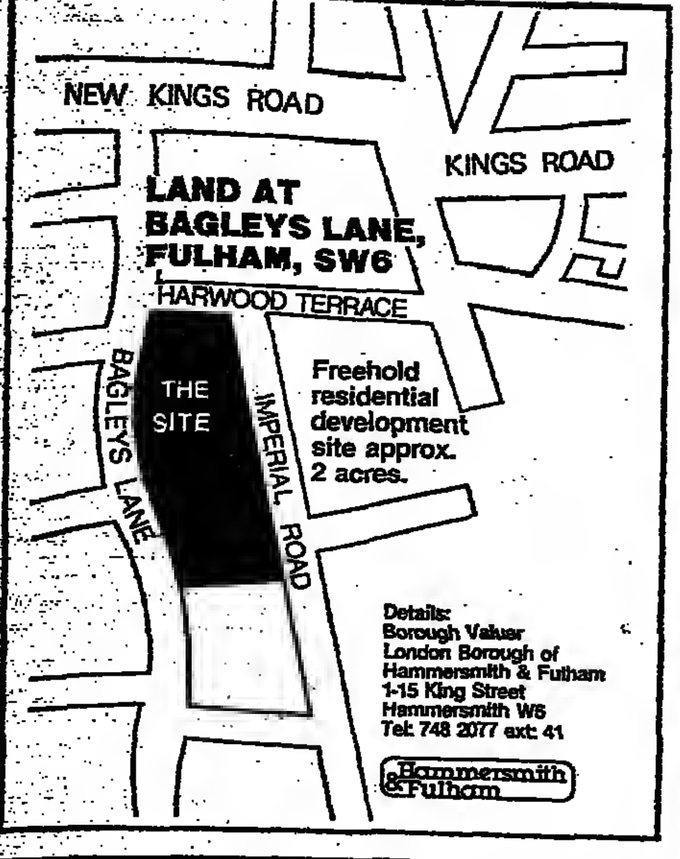
● The amount of air-conditioned office space let in the West End during the first half of 1980 fell to 483,000 square feet compared with 533,000 square feet in the same period last year, according to agents Leslie Lintott.

Lintott says, however, that average rents achieved approached £15.50 a square foot against a figure of around £12.50 a year earlier. The amount of air conditioned space available has remained relatively stable since April around the 800,000 square foot mark.

● The Pension Fund Property Unit Trust has completed its first overseas development in the shape of an office-shops building in Georgstrasse, Hanover. Total cost of the scheme will be just over £6m and provides PFPUT with a 7¼ per cent yield. One shop and a restaurant remain available. Weatherall Green and Smith are letting agents.

● Banque Francaise du Commerce Exterieur is to take a lease on the entire 14th floor of Morgan House, City. The 6,100 sq ft floor has been taken on a 10-year lease at a rental of about £20 a sq ft. Jones Lang Wootton acted for the Bank and Weatherall Green and Smith represented Morgan Guaranty Trust.

● Industrial and Commercial Property Unit Trust, in conjunction with Pentos Publishing, have purchased 47-57 Marylebone Lane, W1 from the Scripture Union. The 11,000 sq ft building will have a capital value of around £2m when a refurbishment programme is finished. Clive Lewis and Partners acted for Pentos and the vendors were represented by Richard Ellis.



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ENGINEERING — DERBY

Precision Engineering Company manufacturing well-established high-technology equipment for use in the metrology field. Freehold property 18,000 sq ft, plant and machinery.

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Wanted to purchase

STAINLESS STEEL FABRICATION FACTORY

capable of manufacturing quality capital plant

Please send details of capability

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ENGINEERING COMPANY REQUIRED

SMALL SUBCONTRACT

LOCATED S. OR S.W. ENGLAND

With Ministry of Defence Approval and Defence contracts, preferably using N.C. technology.

Could be of interest to proprietor wishing to sell out and retire. Size of profitability of less interest than approval and contacts. Advertiser is Chairman of two successful engineering companies and is seeking diversification.

Write Box G6209, Financial Times
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PACKAGING COMPANIES SOUGHT FOR ACQUISITION

Large Group seeks Packaging Companies for sale in United Kingdom. Pre-tax profits must be in excess of £250,000 p.a.

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WANTED

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Private Holding Company with Engineering and other interests wishes to acquire well established engineering company with turnover of £300,000-£1m. Profitability is of less importance than the consistency of sales for the company's products. The merging of engineering interests would be considered, if preferred to an outright sale. Write, in confidence, to:

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Write Box G6278, Financial Times, 10 Cannon Street, EC4P 4BY.

LARGE INTERNATIONAL GROUP OF COMPANIES

interested in purchasing established business in Contract Services (Electrical, Heating and Ventilating, Air Conditioning, etc) and/or manufacturer of related equipment with an annual turnover of up to £500,000/£750,000. (Particularly interested in businesses in Surrey, Sussex, Kent and Berkshire. Write Box G.6353, Financial Times, 10 Cannon Street, EC4P 4BY.

REQUIRED — SMALL ENGINEERING COMPANY

A technical and marketing organisation established for over 20 years now requires to purchase its own manufacturing company located south of Greater London to the South Coast, which presently should be producing technically engineered products. Existing staff highly valued.

Write Box G6291, Financial Times, 10 Cannon Street, EC4P 4BY.

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REQUIRED TO PURCHASE, language school as going concern. Principals only. Write Box G.6294, Financial Times, 10 Cannon Street, EC4P 4BY.

To meet planned expansion we are interested in the

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Trading in Design or Installation or Maintenance of Air Conditioning, Refrigeration, Heating, Ventilation, Electrical or Controls in Manchester, Birmingham, Glasgow, Edinburgh, Bristol or London.

Rapid decision for large or small companies.

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Interested in acquiring whole or majority shareholding in medium sized companies with immediate cash flow problems and/or with long-term fixed loan capital.

Write Box G6154, Financial Times, 10 Cannon Street, EC4P 4BY.

EXPANDING PUBLIC HOLDING COMPANY

would like to hear from companies who would benefit from additional practical business expertise, contacts and finance, with a view to enjoying greater potential and rewards. Original entrepreneurial management and identity would continue, and they could retain a substantial stake in their business.

Company must be producing profits and activities should preferably be in the following fields: industrial electronics; insurance broking; industrial leasing; oil distribution; motor industry; freight forwarding.

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BUSINESSES FOR SALE AND WANTED appear every Friday. To advertise in this space please contact Diane Stewart on 01-248 5284.

LOMBARD

The high price of success

BY DAVID FISHLOCK

THE BRITISH, tetering at the edge of a technological revolution in which they will have to learn to live and love microprocessors and robots and nuclear power, still do not know what to make of the men who have brought it about. We still tend to see "QSEs"—qualified scientists and engineers—as self-indulgent boffins belonging in backrooms, on tap but hardly ever on top. In contrast, our trading rivals see QSEs as the men who also are best qualified to teach them to use and appreciate their revolutionary inventions.

Circulating in Whitehall is a report on QSEs in government. Whether or not the Government accepts its conclusions could be of crucial importance

The Holdgate report, drafted by a committee headed by a department chief scientific adviser, Dr. Martin Holdgate, defines the need for a new kind of civil servant. It finds that we urgently need "technological generalists." What we have at present are "arts generalists" and "scientific specialists"—the latter mostly shut up in backrooms called national laboratories. This unique separation into the two cultures of the civil service is downright disabling for the nation, the Holdgate report concludes.

Barrier

More than half of Britain's scientific research and innovation takes place in national laboratories. This is a legacy of a misreading of the wartime success of Allied governments in harnessing a national effort to solve major technical problems such as the development of the jet engine in Britain and of nuclear weapons in the U.S. Post-war, for Britain, the two-culture structure of the Civil Service has proved a most effective barrier to the transfer of civil technology from national laboratories into the factories. Only the most determined efforts by individuals—such as was made at Harwell in the 1970s—can breach this barrier, it seems.

In fact, as matters stand there is remarkably little incentive for the Scientific Civil Service even to try. Take this situation, which for sheer perversity could scarcely be improved upon by the creator of Catch-22. In Scotland we have the National Engineering Laboratory, set up shortly after the war, which for over 30 years has been working in the very areas of mechanical engineering where British industry is seen as having lost ground most disastrously.

A recent inquiry has found NEL largely out of touch with those sectors of industry it is best fitted to assist. So deep is the divide that when British Leyland was sufficiently impressed by NEL's work in the vibration-testing of truck chassis to acquire not only the technique but the men, NEL's (then) management saw it not as a triumph but as a disastrous blow to the laboratory's standing.

But serious attempts by the Department of Industry to sell NEL, or merge it, or close it all came to naught. It turned out that NEL has good people, paid more generously than its associated industries see fit to pay, and therefore having little incentive to co-operate in any change. Many, moreover, have constructed a cocoon of expertise in the world of science and are reluctant to risk this professional base by applying themselves to a project such as the development of new manufacturing technology.

The Department of the Environment also has a laboratory engaged in research close to the needs of British industry. The difference with the Hydraulics Research Station on the Thames is that industry is prepared to pay quite handsomely for its work. A substantial part of its budget is earned in contracts. This has led its political masters to conclude that it should simply be hived off as a commercial operation. But, unlike NEL, no UK manufacturing industries need the services of the Hydraulics Research Station to upgrade their technology. Its clients are departments of government, local authorities, engineering consultants. They might well continue to pay well for specific studies and modelling, but are unlikely to pay for the bedrock of scientific research on which its high international reputation rests. Their very success over the years in attracting the patronage of such clients now promises a bleak future for these QSEs.

Councillors' foresight

BY ANTHONY MORETON, REGIONS EDITOR

AROUND BRITAIN

DARTFORD TUNNEL

ON THE Friday of this year's spring bank holiday a record 42,850 cars, lorries and motorbikes passed through the Dartford Tunnel. A week earlier the tunnel's £37.3m second "tube" had been opened—the fact that it immediately handled 10 per cent more traffic than the previous record was timely justification of the large investments in the project undertaken by the Kent and Essex county councils, joint parents of the undertaking.

The Dartford Tunnel crosses under the Thames about 17 miles east of central London linking the A2/M2 from London to Dover in Kent with the A13 London to Southend in Essex. More important, it is an essential segment of the M25 orbital road which by the end of the 1980s will be ringing London.

The original tunnel was built 20 years ago thanks to the foresight of the two county councils and without other than minimal government help. The idea of crossing the Thames somewhere around this point is not new. In 1799 an Act of Parliament was passed allowing for a crossing slightly further along the river between Tilbury and Gravesend.

Work on a pilot for the original tunnel began in 1936 but building itself was delayed by the war and not started until 1957. It was opened in 1963 and cost £11.5m to which the Government made a grant of £2.5m—three-quarters of the original estimated cost in 1936 of £3.5m.

It soon became apparent that if long delays at peak times were to be avoided and if the tunnel was to cater for the rising volume of traffic a second tunnel roadway would be needed. Work on that commenced in 1972.

Though the councils were instrumental in getting the tunnel built the government laid down many of the operational conditions. The Dartford Tunnel Joint Committee, which runs the tunnel on behalf of the councils can for instance levy tolls but cannot increase them without the consent of the Minister of Transport, who invariably, sets up a public inquiry each time an increase is proposed.

The situation in which the councils have to pay the bills yet do not have full control over the income is a source of some irritation and seriously hampers financing of the capital charges.

Rising interest rates have played havoc with tunnel finances. An operating surplus of £1.7m in 1977-78 fell well short of interest payments of £3.8m; this shortfall continued in 1978-79 when the surplus was £2m against interest charges of £4.5m. Last year it has been estimated that income will be £3m against charges of £5.6m.

Faced with this deteriorating situation the committee sought, and eventually obtained, an increase in the basic car toll to 35p, a rise of 10p. But the Minister hinted that future increases should be small and frequent rather than large and occasional.

The problem for the committee is to keep toll income abreast of inflation. The committee wanted to put the rate up to 40p to coincide with the opening of the second tunnel but there were objections and an inquiry will now be held, probably by the late autumn.

Why the Government should consider the tunnel to be the responsibility of the two councils while the motorway network, of which the tunnel will become a part, is its own responsibility is difficult to understand. The end result is that the Government is arguably getting something on the cheap since by the time the motorway is completed much of the capital cost of the tunnel will have been paid for, and the Government could—and it is generally suspected that it will—take over the tunnel for minimum outlay.

By that time it is conceivable that a third, or even a fourth tunnel section may be needed. Completion of the M25 will generate additional traffic which will lead, especially during the morning and evening peak times, to delays. Earlier this year, when there was still just one tunnel section, delays of up to 40 minutes were not unknown. With the second tunnel in operation this has been cut drastically but, even so a 15 minute wait is still possible during peak periods.

There are two ways in which this situation might be avoided. The first is by abolishing the tolls. Some indication of how traffic can move more quckly came earlier this year when the toll booths were closed by industrial action. Hold-up were minimal.

When the tunnel's capital costs have been paid the tolls will have to be abolished in any case. So some traffic leeway, in the long-term, is to hand.

In the short term, however, some speeding of the flow might come from automatic coin collection. The Ministry of Transport disputes that automatic collection does much to speed the traffic but experience in America refutes this argument and so Dartford is to put into operation a dual system later this year.

ALLOCATION OF OPERATING SURPLUS

Details	1979-80 Approved Estimate	1979-80 Revised Estimate	1980-81 Estimate
	£	£	£
OPERATING SURPLUS	1,877,000	3,040,000	3,454,000
LESS EXPENSES (chargeable against Tolls)			
Maintenance of Approach Roads	22,000	22,000	24,000
Debt Management Expenses	14,500	17,000	18,000
TOTAL	36,500	39,000	42,000
SUM AVAILABLE FOR ALLOCATION	1,840,500	3,001,000	3,412,000
INTEREST PAYMENTS			
(1) First Tunnel	396,000	396,000	396,000
(2) Second Tunnel	5,261,000	5,236,000	6,054,000
PRINCIPAL REPAYMENTS			
(1) First Tunnel	—	—	—
(2) Second Tunnel	—	—	—
TOTAL	5,657,000	5,632,000	6,450,000
DEFICIT: Capitalised Interest	3,816,500	2,631,000	3,038,000

At the moment all drivers have to stop and hand the 35p toll (for cars) to the attendant. By the end of the year four of the 12 booths will have automatic collection bins with the toll money being thrown into a big hopper.

Altough the Dartford Tunnel is a busy pocket of activity it has not in itself done a lot for the economic life of its surrounding area. It has made travel between Kent and Essex easier and taken some of the pressure of traffic off outer London. But there is no evidence that it has induced industry to take sites near the tunnel.

An industrial estate is to be built at Stone Marshes on the Kent side, but the tunnel did not have a very great influence on its position. Thurrock, on the Essex bank, is better placed to benefit because it has a lot of riverside industrial land available and one or two firms, such as Van der Bergh, are already active there.

The real value of the tunnel will come with the completion of the M25. Then the Government will have cause to thank the foresight of the local councillors who piloted the first Bill through the Commons in 1930 to allow its construction. Those men had a better view of the future than many of the high-ranking officials who have sat in the Ministry since.

Julesian looks best for Ascot

RACING

BY DOMINIC WIGAN

THERE WERE few more competitive maiden events in Europe last season than Ascot's Cranbourn Chase Stakes, in which Laska Floko prevailed. Today's renewal of the £4,000 event seems to have attracted an equally strong field. This time I expect the closing stages to chiefly concern Brinkley, Julesian and Sand Hawk.

Brinkley, who made the frame on three of his four juvenile appearances, ran well for a long way in Newbury's Kenneth Robertson Handicap at Newbury on his seasonal debut before returning to that course on Saturday to finish a close second to End of War.

This afternoon's 10 furlongs, on ground which will still have plenty of cut in it, should ideally suit Brinkley.

Sand Hawk, one of the highest priced yearlings of 1978, has also had two races this term. A disappointment at Newmarket in the spring after getting loose in the paddock, the Beckhampton colt ran far better at York on July 12

Sand Hawk, who was going best of all there a furlong out, is another sure to enjoy the return to 10 furlongs.

Peter Walwyn does not run Seven Barrows maidens out of their depth, so it is significant that he has decided to saddle Julesian here rather than going for easier pickings. The Sir Jules Thorn colt's last run was undoubtedly the sort of effort which encourages hope of an intial success on a group one or two track. Sent to Lingfield for a division of the Candlelight Stakes, a fortnight ago, Pat Eddery's mount was beaten only by Brinkley's stable companion, Palmella, after a protracted duel.

In an absorbing contest, Julesian is narrowly preferred to Brinkley and Sand Hawk, who, with Piggott in the saddle, is likely to start a firm favourite.

ASCOT
2.00—Julesian***
2.30—Via Delta*
3.00—Susanna
3.30—Sharp End**
4.05—Dutch Treat
4.35—Olro's Folly

CARLISLE
2.15—Riversedge
3.15—Miss Redmarshall
4.15—Rum Punch
4.45—Spritely

TV/Radio

† Indicates programme in black and white

BBC 1

6.40-7.55 am Open University (Ultra high frequency only). 9.55 Noah and Nelly. 10.00 Jackanory. 10.15 Tarzan, Lord of the Jungle. 10.35 Why Don't You? 11.25 Cricket: Fourth Test—England v West Indies. 1.30 pm Bod. 1.45 News. 2.00 "The Courage Of Black Beauty," starring Joan Crawford. 3.15 Olympic Grandstand.
5.40 News.
5.50 Olympic Grandstand (continued).
7.35 Comedy Classic: Some Mothers Do 'Ave 'Em.
8.10 Des O'Connor Tonight.
9.00 News.
9.25 Starsky and Hutch.
10.15 I Didn't Know You Cared (London and South East only).
10.45 Regional, National News.
10.50 Cricket: Fourth Test highlights.
11.20 The Late Film: "Killer," starring Robert Stack.

All Regional programmes as BBC-1 except as follows:—

BBC Cymru/Wales—1.30-1.45 pm Bys a Bawd. 7.35 Wales Today Bulletin. 7.40 Hoddiw. 8.10 Gwibdaith I Lanelwedd. 8.35-I Didn't Know You Cared. 10.45-10.50 News for Wales; National News.
News for Wales: National News.

Scotland—1.25-1.30 pm The Scottish News. 10.15 Beechgrove Gardener's Roadshow visits Roay in Caithness. 10.45-10.50 News for Scotland; National News.

Northern Ireland—10.15 pm Cross The Line. 10.45-10.50 News for Northern Ireland; National News. 12.30 am News and Weather for Northern Ireland.

England—10.15-10.45 pm East (Norwich) Weekend; Midlands (Birmingham) Spare Time; North (Leeds) Direct Line; North East (Newcastle) Coast to Coast Special; North West (Manchester) Champion Brass; South (Southampton) Mary, Mary, Quite Contrary . . . : South West (Plymouth) Prancing and Dancing all over the place; West (Bristol) Day Out.

BBC 2

6.40-7.55 am Open University.
11.00 Play School.
2.00 pm Cricket: Fourth Test and Racing from Ascot.
4.15 Play School (as 11.00 am).
4.40 Dinky Dog.
4.50 We're Going Places.
5.00 Hey Look, That's Me.
5.25 Fred Basset.
5.30 Cricket: Fourth Test.
5.50 Nationwide (London and South East only).
6.15 Cricket: Fourth Test.
6.35 Cartoon Two.
6.45 Animal World.
7.35 Mid-Evening News, including subtitles.
7.45 Gardeners' World.
8.10 Dallas.
9.00 Vive La France: "Violette Et Francoisa."
10.35 Cartoon Two.
10.45 Newsnight.
11.35 Open University.

BBC-2 Wales Only—4.45-5.00 pm Lladron Dooaw. 5.50-6.15 Wales Today.

BBC-2 Scotland Only—5.50-6.15 pm Reporting Scotland.

BBC-2 Northern Ireland Only—5.50-6.15 pm Scene Around Six.

BBC-2 England Only—5.50-6.15 pm Look East (Norwich); Look North (Leeds, Newcastle); Points West (Bristol); Look North West (Manchester); South Today (Southampton); Midlands Today (Birmingham); Spotlight South West (Plymouth).

LONDON

9.30 am An Asian Notebook. 9.55 To The Wild Country. †10.45 Hopalong Cassidy: William Boyd in "Pirates On Horseback." 11.55 The Animates. 12.00 The Learning Tree. 12.10 pm Once Upon A Time. 12.30 Home Made for the Home. 1.00 News, also FT Index. 1.20 Thames News. 1.30 For Maddle With Love. 2.00 Houseparty. 2.30 Project UFO. 3.30 Olympics '80. 5.30 Thames News.
5.50 News.
6.00 Olympics '80.
7.00 Winner Takes All.
7.30 How's Your Father?
8.00 The Spoils Of War.
9.00 Olympics '80.
10.00 News.
10.30 Peter Sellers—1925-1980.
11.00 End of Part One.
11.30 Side Street.
12.30 Close: Cyril Luckham reads Lord of the Evening.

All IBA Regions as London except at the following times:—

ANGLIA

3.25 am Cartoon. 3.45 Spiderman. 10.10 Operation Barbarosa. 11.00 The MacKenzie Affair. 11.55 Cartoon Time. 1.20 pm Anglia News. 2.30 Story Hour. 5.30 About Anglia. 10.30 7 Days. 11.00 Soap. 11.30 Friday Late Film: "See How They Run" (TV Movie). 1.15 am Your Music at Night.

ATV

9.35 am Something Different. 9.50 The Master Builders. 10.20 The Fastest Man in the World on Water. 11.05 The Entertainers. 11.30 An Exceptional Child. 1.20 pm ATV Newsdesk. 2.30 General Hospital. 5.30 ATV Today. 10.30 WKRP in Cincinnati. 11.00 ATV Newsdesk. 11.05 Movie Premiere: "The Spell."

BORDER

9.30 am Catch '79. 10.00 Horses in our Blood. 10.30 Collecting with Curtis. 10.40 Clapperboard. 11.05 Chopper Squad. 11.50 Cartoon Time. 1.20 pm Border News. 2.30 Chips. 5.30 Lookaround Friday. 10.30 Triangle. 11.00 The Late Film: "The Mad Room," starring Stella Stevens and Shelley Winters. 12.35 am Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News, What's On Where and Weather. 2.30 Chips. 5.30 Cartoon Time. 7.30 Channel Report. 10.28 Channel Late News. 10.36 How's Your Father? 11.05 TV Movie Premier: "The Proud And The Damned." 12.45 am News and Weather in French.

GRAMPIAN

9.25 am First Thing. 9.30 Catch '79. 9.55 Horses in our Blood. 10.25 Collecting with Curtis. 10.35 Clapperboard. 11.00 Logan's Run. 1.20 pm North News. 5.30 Cartoon Time. 5.40 North News and Area Weather Forecast. 10.30 The Export Scotch. 11.00 The Real Fire. 12.00 Reflections. 12.05 am Barney Miller. 12.35 North Headlines and Road Report.

GRANADA

9.30 am The Adventure World of Sir Edmund Hillary. 9.50 Tarzan. 10.35 Clapperboard. 11.00 Sesame Street. 1.20 pm Granada Reports. 2.30 Chips. 5.30 Granada Reports. 10.30 Soap. 11.00 A Real Fire. 11.30 The Continental: Alain Delon in "Shock Treatment."

HTV

9.20 am Survival. 9.50 Animated Classics. 11.00 Sesame Street. 1.20 pm Report West Headlines. 2.30 BJ and the Bear. 5.30 Report West. 10.28 HTV News. 10.30 The Good Neighbour Show. 11.00 A Real Fire.

HTV CYMRU/WALES—As HTV West/HTV General Service except:—†1.55 am-12.10 pm Cel Cocoo. 1.20 Penawdau Newyddion Y Dydd. 1.25-1.30 Report Wales Headlines. 5.30 Y Dydd. 5.40-6.50 Report Wales. 10.30 The Royal Welsh Show 1980. 11.00 Peter Sellers (1925-1980). †1.30 Vodka Cola. 12.45 am Weather.

SCOTTISH

9.30 am Catch '79. 10.00 Horses in our Blood. 10.25 Collecting with Curtis. 10.35 Clapperboard. 11.00 Charlie's Angels. 11.50 Cartoon Time. 1.20 pm News and Road and Weather. 3.00 The Electric Theatre Show. 5.30 Scotland Today News and Crimedesk. 10.28 Scottish News Headlines. 10.30 Ways and Means. 11.00 A Real Fire. 12.00 Late Call. 12.05 am The Entertainers.

SOUTHERN

9.30 am The Wild, Wild World of Animals. 9.55 Chopper Squad. 10.35 Clapperboard. 11.05 Young Ramsay. 1.20 pm Southern News. 2.30 Fantasy Island. 5.30 Day by Day. 5.30 Scene South East (South East Area only). 10.35 Opinions Unlimited. 11.05 Best Sellers: Guyana Tragedy.

TYNE TEES

9.20 am The Good Word followed by North East News Headlines. 9.30 Hands. 9.55 Chopper Squad. 10.40 Clapperboard. 11.05 Survival Special. 1.20 pm North East News and Lookaround. 2.30 Story Hour. 5.30 Northern Life. 10.32 Film of the Week: "Look What Happened to Rosemary's Baby," starring Patty Duke Astin and Ray Milland. 12.30 am Countryside Christian.

ULSTER

9.30 am Catch '79. 10.00 Horses in our Blood. 10.25 Collecting with Curtis. 10.40 Clapperboard. 11.00 Sesame Street. 1.20 pm Lunchtime. 2.30 Story Hour. 3.28 Ulster News Headlines. 5.30 Ulster Television News and Sport. 10.29 Ulster Weather. 10.30 Witness. 10.35 Friday Film: "The Amazing Mr. Bluden," starring Laurence Naismith. 12.20 am Bedtime.

WESTWARD

9.30 am Catch '79. 10.00 Horses in our Blood. 10.25 Animal Homes. 10.35 Clapperboard. 11.05 Cooking with Tovey. 11.15 The Beatles. 11.40 Tennis with Mark Cox. 1.20 pm Westward News Headlines. 2.30 Chips. 3.27 Gus Honeybun's Birthdays. 5.30 Cartoon Time. 7.30 Westward Diary. 10.32 Westward Late News. 10.36 How's Your Father? 11.05 TV Movie Premiere: "The Proud and the Damned." 12.45 am Faith for Life. 12.50 West Country Weather and Shipping Forecast.

YORKSHIRE

9.30 am World We Live In. 10.00 Mad Dog Gang meets Rotten Fred and Ratsguts. 11.10 Chopper Squad. 1.30 pm Calendar News. 2.30 Story Hour. 5.30 Calendar (Emley Moor and Belmont editions). 10.30 Soap. 11.00 "Dr. Strangelove," one of Peter Sellers' best-known films, also starring George C. Scott.

RADIO 1

(S) Stereophonic broadcast
‡ Medium Wave only

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Peter Powell. 11.00 Simon Bates with the Radio 1 Roadshow 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.00 Andy Peebles. 4.31 Richard Skinner. 5.30 Newsbeat. 5.45 Roundtable. 7.30 Anne Nightingale. 9.50 Newsbeat. 10.00 The Friday Rock Show (S). 12.00-5.00 am As Radio 2.

RADIO 2

5.00 am News Summary. 5.03 Steve Jones (S). 7.32 Terry Wogan (S). 10.03 Jimmy Young (S). 12.03 pm Ray Moore (S). 3.03 Olympics 80 with John Dunn. 7.02 Much More Music (S). 8.02 Radio 2 Ballroom (S). 8.45 Friday Night is Music Night (S). 9.55 Sports Desk. 10.02 The Grumbleweeds. 10.30 The Organist Entertains. 11.02 Olympic Sports Desk. 11.15 Brian Matthew with Round Midnight, including 12.00 News. 2.02-5.00 am You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Sibelius (S). 9.45 Now and Then (S). 10.40 BBC Northern Ireland Orchestra (S). 11.25 Cricket: Fourth Test: England v. West Indies: including 1.35 pm News: 1.40 Call the Commentators: 2.00 Lunchtime Scoreboard. 6.40 Alicia de Larrocha: Piano recital (S). 7.15 One Pair of Eyes. 7.30 Concert part 1 (S). 8.35 The Festival Scene: Aix-en-Provence (talk by Bernard Levin). 8.55 Concert, Part 2 (S). 9.45 Georgian Orgies. 10.30 The English Ayre (S). 11.00 News. 11.05-11.15 Vivaldi (S).

VHF—with Medium Wave except as follows:—6.00-7.00 am Open University. 11.25 A Mass and a Folk Cantata by Martinu (S). 12.15 pm BBC Symphony Orchestra Concert, Part 1 (S). 1.00 News. 1.05 Concert, Part 2 (S). (A BBC Digital recording) 2.05 Two Masterworks for Solo Violin by Bach and Bartok (S). 3.10 Koechlin's Jungle Book Concert (S), including 4.00-4.10 Interval Reading. 4.55 News. 5.00 Mainly for Pleasure. 6.20-7.00 Open University.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today, including 6.45 Prayer for the Day; 7.00, 8.00 Today's News; 7.30, 8.30 News Headlines; 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 8.59 Continental Travel. 9.00 News. 9.05 Desert Island Discs. 9.45 Feedback. 10.00 News. 10.02 International Assignment. 10.30 Daily Service (S). 10.45 Story Time. 11.00 News. 11.05 Trek Through Wales with Wynford Vaughan-Thomas. 11.50 The Lighter Side of Life. 12.00 News. 12.02 pm You and Yours. 12.27 The Year in Question. 12.55 Weather: programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Women's Hour from Manchester. 3.00 News. 3.02 Listen with Mother. 3.15 Afternoon Theatre. 4.10 How Does Your Garden Grow? 4.40 Preview. 4.45 Short Story. 5.00 PM. News Magazine. 5.50 Shipping Forecast. 5.55 Weather; programme news. 6.00 News. 6.30 Going Places. 7.00 News. 7.05 The Archers. 7.20 Pick of the Week (S). 8.10 Profile. 8.30 Any Questions. 9.15 Letter from America. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.35 Week Ending (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 11.45 John Ebdon. 12.00 News.

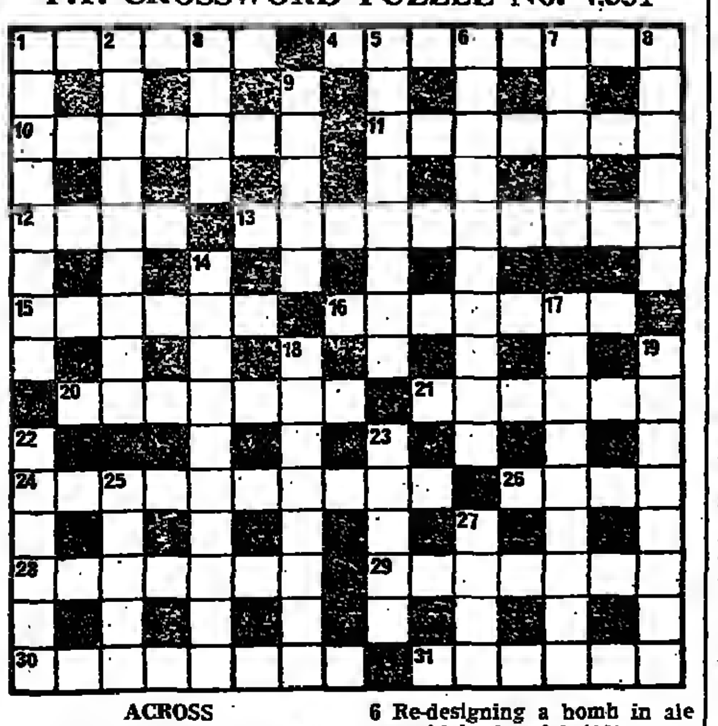
BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 10.03 The Robbie Vincent Telephone Programme. 1.03 pm London Live. 4.30 London News Desk. 5.35 Look, Stop, Listen. 7.03 Black Londoners. 8.00-5.00 am Join Radio 2.

Capital Radio

5.00 am Mike Smith's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Mike Allen (S). 1.00 pm London Today First Report (S). 1.10 Mike Allen (continued). 3.00 Roger Scott (S). 7.00 London Today (S). 7.30 Party Pieces (S). 7.45 Adrian Love's Open Line (S). 9.00 Nicky Horne's "Chains" (S). 11.00 The Late Show with Simon Booker (S). 2.00 am Phil Allen's Night Flight (S).

F.T. CROSSWORD PUZZLE No. 4,331



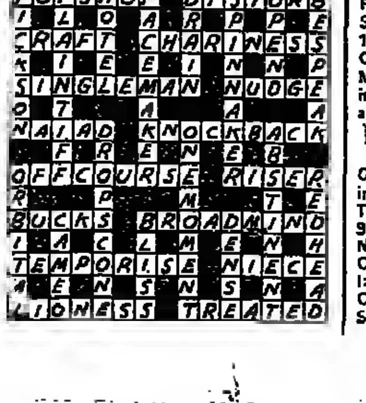
ACROSS

1 Some French cannot even briefly pour wine (6)
4 Ball of perfumes and mother has to think about it (8)
10 Gardner's first grain creates greed (7)
11 Vanity when times go wrong (7)
12 Warm part of races (4)
13 Cold and sick during external game on board (10)
15 Arrive at a race the Scottish own (6)
16 Italian capitalist in charge, is of Latin origin (7)
20 Follower of vehicle comes in front of the picture (7)
21 Drink to the health of security (6)
24 What Aladdin had to cheer the French politician? (6-4)
26 Tin from the south to examine closely (4)
28 A soft award to value (7)
29 Feast I leave in a small spot (7)
30 Entrust to a deputy (8)
31 Ape taking last of the fruit (6)

DOWN

1 Playgoer who gets in for nothing could be a past-master (4-4)
2 An eccentric letter (9)
3 2½" fastener that is to hand (4)
5 Neglect to superintend (8)
6 Re-designing a bomb in ale could be hateful (10)
7 Urge along approach to house (5)
8 Negligent soldiers fail to hit target (6)
9 Full of holes and making me bashful (5)
14 Belittling note I chant (10)
17 Proclamation in a manner of speaking (9)
18 He will shortly get coarse grass with reckless determination (4-4)
19 Tall, very thin person, giving support for vegetarian climbers (8)
22 Is to arrive in traffic-free area (6)
23 Got the odour of fish (5)
25 Little devil the Spanish urge forward (5)
27 Rang up to snarl (4)

Solution to Puzzle No. 4,330



ENTERTAINMENT GUIDE

OPERA & BALLET

COLISEUM. Credit cards, S. 01-240 5258. Reservations 01-836 3161. ENGLISH NATIONAL OPERA. Season opens July 31 at 7.00. Aida Aug. 2, 7.30: La Vie Parisienne.

THEATRES

PALACE. S. CC. 01-437 6834. From Sept. 17 RODGERS & HAMMERSTEIN'S OKLAHOMA!

WINDMILL. CC. 01-437 6312. Twice nightly at 8.00 and 10.00. Suns. 6.00 and 8.00. Paul Raymond presents RIP OFF. Hotter than ever for 1980. The erotic experience of the modern era. Fifth great year.

VICTORIA PALACE. CC. 01-828 4735-6. 01-834 1317. Eves. 7.30. Mats. Wed. and Sat. 2.45. ANNIE. Group sales Box Office 379 6061.

WAREHOUSE, Donmar Theatre, Covent Garden. S. Box Office 836 6808. ROYAL SHAKESPEARE COMPANY. Final perf Ton't 7.30 (sold out). EDUCATING RITA by Willy Russell. Book now for Educating Rita at Piccadilly Theatre from 19 Aug.

WHITEHALL THEATRE. 01-930 7765. CC Paul Raymond presents FIONA RICHMOND and a Bedful of Beauties in WOT! NO PYJAMAS! Featuring Men Only Magazine's Sensational Playmates of the Year. Eves. 8.30. Fri., Sat. 6.15, 8.45.

ART GALLERIES

MATHAF GALLERY, 24, Motcomb Street, London SW1. 235 0010. Exhibition of Contemporary paintings of Kuwait, Oman and Saudi Arabia.

ROY MILES
Major Victorian Paintings.
6, Duke Street, St. James's.
Monday to Friday—10-6.

PARKIN GALLERY, 11 Motcomb St., SW1. 235 8144. BRITISH ART 1890-1950. Until 27 September.

W. H. PATTERSON, 19, Albemarle St., London W1X 3HA. 01-629 4119. SUMMER EXHIBITION from 20th May.

Cinema

The price of fame

by NIGEL ANDREWS

Fame (AA) Empire
Jane Austen in Manhattan (A) Minema and Everyman, Hampstead
Jean-Luc Godard Camden Plaza
Jon Jost National Film Theatre

Fame isn't a musical but it ought to be. Singing and dencing talent pours from every pore of British director Alan Parker's first film made in America, the story of six teenagers going through their showbiz paces in a 4-year studentship at New York's High School of the Performing Arts. But Parker at some point in the movie's genesis made the fatal decision to make it not the fully-fledged musical it would surely have triumphed as—a celluloid *Chorus Line*, in which the music shapes and stylises the flow of the story—but a pseudo-realistic slice of school life in which the music pops up naturally, or tries to, from the workshop/rebearsal context of the school.

If *Bugsy Molone* and *Midnight Express* taught us anything, it was that Parker's forte wasn't realism. Both, in their contrasting ways, were hyper-stylised films—a whimsical, kid-enacted gangster musical and a steamy Turkish prison saga—and they suggested that Parker's long training in commercials bad given him a quick-fire, decorative, parametered view of life in which Trutb comes in finite bursts, preferably with a punch-line or a moral.

The success of *Fome's* best section, its rat-a-tat opening 30 minntes, is that it accepts and exploits tbat formula: a kaleidoscopic sequence of pre-school auditions in which the main characters are introduced in flashy bursts of idiosyncrasy. There's the black dancer Leroy, whose pulsing, loin-gyrating dance has the teacber-examiners gasping in tbe aistes: there's a Puerto Ricen boy who wants to be a stand-up comic like his idol Freddie Prinze: there's a dark girl singer called Coco, a sby white girl with a domineerlng Jewish mother, a gentle red-headed gay and a plump Italian-American boy whose passion is for synthesised keyboard music.

Their performing specialities aren't instantly laid on the line and one thing *Fame* effectively showa is that the HSPA—based on a real New York school, though not shot in it—is a multi-disciplinery bothouse where training in music and drama co-exists with routine classroom suhjects like languages and science. What *Fome* doesn't show, except by now-you-see-it-now-you-don't inference, is bow that broad teaching base stowly yields to specialisation during the 4-year period: tbe process by which the students discover which talents to concentrate on and which to lat go.

Indeed, any sense of time passing in Parker's film is notahle by its absence. The characters ere canght in their little cocoons of mannerism and scntimentel identity—the white girl's shyness, Leroy's aggressive sense of racial victimisetion, the Puerto Rican boy's penchant for alternating ball-of-fire funmaking witb set-piece crying jags—and not only do they fail to grow up visibly during the film but they often seem like emotional retardees fixed in the puhescent never-never land of *Bugsy Molone*. The shy girl's idolisation-from-afar of the school's graduating best actor is streight out of Teen Romance, and throughout the movie, though abortion and four-letter words are thrown in for adult measure, Parker skirts the dread spectre of carnality itself as if protecting his characters' Peter Pan purity.

Despite the darting, vibrant camera style, *Fame's* affectation of a caught-on-the-wing naturatism never convinces. The film's salvation would surely have lain in a bold embracing of musical stylisation. The two big ragamuffin ensembles are triumphs of barnstorming Broadway vitality—one a monster jam-session improvised in the scboot lunchroom, the other the showstopping Graduation Day song, "I Sing the Body Electric"—and the screen also leaps to life, in best dotty-Hollywood style, in a polyphonic 42nd Street knees-up as the dancing, singing students engulf cars, taxis, passers-hy. To boost the music might also have foregrounded the movie's two biggest, mnst scene-stealing assets: the lithe, wbippy, erotic dancing of Gene Anthony Ray as Leroy, and the husky, beautifully forthright singing of Irene Cara as Coco.

Scene from Alan Parker's 'Fame'

*

Jane Austen in Manhattan is a whimsicel filmic ratetouille cooked up by that long-serviog director-writer team, James Ivory end Ruth Prawer Jhabvala. They are, you might say, the Henry James of modern cinema; in their porcelain-textured sense of fun and finesse, and in their obsession with the mystic power aod acquisitive appeal of cultural artefacts. Last time round their characters wera seen scrimmaging over Indian paintings in *Hullabaloo over Georgie and Bonnie's Pictures*. In their latest opus an early play by Jene Austen is the culturel McGuffin. To whom should the *mise-en-scène* of this priceless manuscript be entrusted? To Robert Powell, es an avant-garde New York dramaturge wanting to stage Jane in a white-walled cell with much mumming, madness and mannerism? Or to traditionalist Anne Baxter, with her Mozartien-operatic espiretions for the pleylet?

I was second to none — well, only a few — in my endorsement of the Ivory-Jhabvala megic in *Hulloboloo*: e deft and swanning little film, a celluloid *Aspern Popers*. But *Jane Austen in Monhotton* is a confused huddle of ideas grouped eround tbe fragile sliver of the Austen play, and the suhplot relationsbips among the two theetrical factions — a young actress toing and froing between marriage and a lesbian effair, the confrontatinns between modernist Powell and old-world Baxter — never connect with each other or with the nlaylet over which they are tussling.

Ivory's own direction, with its vague, etiolated grace, looks as out of place in the heady-solemn world of off-Broadway experimentalism as Jane Austen herself: and he doesn't help metters hy casting Robert Powell as the magnetic theatrical Messiah and lumbering blm with e far-from-magnetic American accent. The film ends by telling us nothing very interesting ebout either Jsne Austen or Manhettan, let alone wbat rare artistic scion might have been spawned by the conjunction of the two.

*

Jean-Luc Godard, that Gallic gnome with tbinning hair and tinted spectacles, made cinematic history in the 1960s. The most radical and quick-witted of the French New Wave directors, he cut a fearsome path into the future with films like *Le Petit Soldat* and *Pierrot le Fou* and continued to blaze bis own trail long after be had left most of bis flagging early admirers bebind. For the mass of moviegoers he has disappeared out of sight in recent years, pursuing the spectre of "truth 24 times a second" (this definition of cioema) into the Ultima Thule of film and video experimentalism.

His attempted "comeback" into the maiostream of feature film-making at Cannes this year —with his new movie *Slow Motion*—was greeted at tbe festival with vocal boredom and rampant incomprehension. Londoners can judge the film for themselves when it opens at tbe Camden Plaza on August 21.

Meanwhile there's a four-week *hors-d'œuvre* of older and more digestible Godard goodies, that give an introduction to both the cberms and the chores of watching this director at work. Occupying the first fortnight, from July 24 to August 6, is e double-bill of *Alphaville* and *Deux Ou Trois Choses que je sais d'elle*: one en allusive Sci-Fi thriller set in futuristic Paris, the other a film about progress and prostitution starring Marina Vledy as a suburban housewife who moonlights as a tart. Stylisticatly, the second film—witb its multi-referential offshoots into Brecht, Marx, etc., aod its overtly TV-style techniques—is tbe gateway between Godard's esrly and late careers. Showing in a brand-new 35 mm and Scope print, to boot.

Fortnight number two brings you *Pierrot le Fou* and *A Bout de Souffle*: Godard in gadabout mood, dealing with gangsters, old moviea, revolution, you-name-it, and sbowing the kind of wit and eclectic aparkle that made him for ten years the world's most unpredictable movie-maker.

*

Nothing too predictable either abont Jon Jost, an American independent director who looks like Walt Whitman and makes films like a sun-toucbed Godard. Sample them while you may at the National Film Theatre. *Angel City* is a lovely, hang-loose satire on private-eye movies, set in a Los Angeles gripped by the tentacles of conspiracy-theory politics and TV soap-opera cliché. It looks like *Chinatown* put through a shredder. Also to be relished is *Chameleon*, a story of the bad, the bad and ugly which uses stylistic devices—of colour, cutting, music—as a moral *impasto* on the story of a reptilian wheeler-dealer snaking through the thickets of California. Fierce, nervy, intelligent.

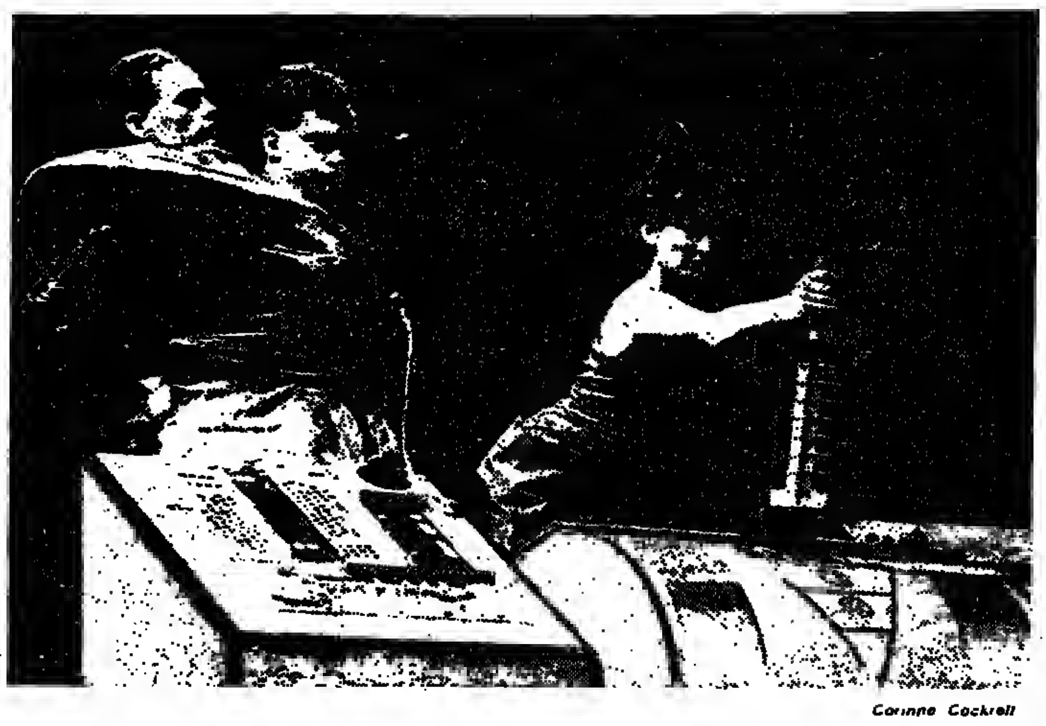
Peter Sellers

Peter Sellers, who died yesterday at the age of 54, was the British cinema's most successful and internationelly exportable comic of the post-war era. Star cherecter comedians are a rare breed, most movie comics heving a single persona that they devoutly cultivate and perfect in different vehicles. But Sellers wes a chameleon performer. His success lay in a fleir for slipping from one mesk to another, one voice to another.

He rose to fame in the 1950s in BBC Radio's Goon Show, where his powers of mimicry had free rein in the programme's dizzily surreal, anything-goes format. His versatility found a speedy niche in '50s British film comedy and he ended a star-building decade with what still todey seems a good candidate for his best-ever performance, the little-Hitler shop stewerd in *I'm All Right, Jack*.

In the mid-'60s Sellers was ushered into international stardom with two films for Stanley Kubrick, *Lolita* and *Dr. Strangelore*. His multi-hued trio of characters in the latter—RAF officer, U.S. President, mad German scientist—won him awerds and gave him a comic eminence in Moviedom that the scripts he was offered later in his career never quite allowed him to capitelise on. There were too many rickety vehicles that Sellers tried to steer single-handed to success — *After the Fox, The Bobo, The Magic Christian*—and too few films gave, like Kubrick's duo, a firm leunching-base for Sellers's delicious flights of impressionistic fancy.

But he ended his cereer on a high note, with his Oscar-nominated role as the seraphic gardener in *Being There*. And there waa always, at least since the French sleuth's triumphantly knockabout debut in 1963, Inspector Clouseau. *The Pink Panther* spewned no less then four sequels and Sellers's superb ability to put spoken English through a Gellic mincer—coining such vocel baroque as "I am an officer of the Lerr" end "May ah use yer pheaune?"—accounted for a good part, probably the greatest, of the series' success. He was working on the script of yet enother sequel, due to begin filming in January, at the time of his death. The British cinema loses a major star, the world perhaps the most vocally versatile comedian the screen has known.



Corinne Cockrell

Nidolas D'Avirro (left), John Terence and Jude Alderson

Rainbow

The Hitch-Hiker's Guide to the Galaxy

by MICHAEL COVENEY

The Rainbow in Finsbury Park is best known these days as a rock venue and it was nothing short of astonishing to see its vast auditorium packed on Wednesdey night for the opening of a theatrical version of Douglas Adams's successful Radio 4 seriea. It was as if a 1930s emporium was playing host to a 1960s revivalist hippie trip through the gelaxy. The huge ceiling was eglow with stars, laser beams shot through spece presaging the end of the Universe and, in the theatre's surrounding areas, a veritable Bartholomew Fair of hucksters and publicity folk sold everything from draught beer to fire-spitting mini-Vogons, from illuminated jewellery to battery-charged "Don't Penic" badges.

Onstage, director Ken Campbell and a large cast have set about animeting the journey through space of Arthur Dent and his friend Ford Prefect, witb a spirit of affectionate mockery that seemed to go down well with the aficlonados. Less well with me, I am afreid, as the improvisatory charm of Campbell's shorter version at the ICA last year bas been lost in the process of infletion. The eveniog works best when it juxtaposes technological wizardry with a blatantly rough amateuriam. The ICA's 90 minutes has been extended, after an interval, to take in a long scene in a restaurant on the eve of apocalypse.

The Idea of a quest is besic to Campbell's theatre work and can result—as for instence in *The Great Caper*, *Illuminatus* or *The Warp*—in an irresistible combustion of music hell end sub-cultural pbenomene. Synchronicity, coincidence, tall stories, adventure — these elements have, in the past, led me to believe that Campbell was rediscovering the roots of our theatre. Tbe Rainbow cast, in truth, does not match up to the performing standards necessery for this kind of experiment. At the ICA, the audience floeted througb the galaxy on a scaffolded auditorium mounted on metal air skates. For all the expense of this revival, nothing in its presentation or effects rivals thet splendid wheeze.

Having brushed with the Vogons, Artbur and Ford are rescued in space and transported to a ship that resembles a gient fruit machine. On board are the two-headed Zaphod Beeblebrox; Marvin, the paranoid android; and the slinky Trillion, whom Arthur never quite got round to chetting up et an Islington party. Moving on, we encounter the computer Deep Tbought and Ford's brief of hringing the intergalactic guide up to dete is lost beneath e fight for survival end the search for the ultimate question (to whicb the answer is 42).

*

Beck at the ICA itself, the People Show have revived one of their very best productions, No. 79, whicb I recommended lest year as pure theatre on the grounds that it has no life or points of reference beyond the conditions of tbe medium in which it is pleyed. There are some truly bypnotic sequences and one or two very funny ones.

Glyndebourne

La fedeltà premiata

by DAVID MURRAY

Haydn wrote *La fedeltà premiata* to inaugurate his employers' new theatre at Esterház in 1780. We may imagine thet opera-production on that modest scale was a relaxed business, a matter of petty costumes to dress a thin story: certainly Haydn's sequence of arias and ensembles seems to presuppose nothing more. Here the Baroque preoccupation with people falling in and out of love is in love. There are no thrones or dynasties at stake, nor even ... loyalties; the daisy-... of changing partners is ...tly insignificant, apeci... tautened by a single plot... — the premise that it is ... Day in the mythical ...e, and the bapless offerings ... be faithful lovers. Every... wants therefore to conceal ... at all costs.

We expect a firmer dramatic continuity than Haydn's patrons probably did, and the producer John Cox has taken the plausible option of embroidering the resolute comic manner of the original. The result is genlally charming and not, I think, much compromised by Cox's further device of showing us not only the opera but its original audience, watching ...ingly from the wings and occasionally belping with props. The action isn't subverted, since its progress is quite inconsequent anyway; the arias of feeling which are the main musical burden are not guyed — though where they grow serious and prompt Haydn to his best music, a lesa jokey audience might heve encouraged the singers to search it more thoroughly.

A sign of that constraint may have been their evident preference, here and there, for *tempi* faster than Simon Rattle intended to set. Not that his conducting of the London Philharmonic was sluggish in the least: the score fizzed in all the proper places, and preserved enough balanced poise to admit graver expression when the singers would risk it. Act One consists musicelly of arias of one conventional sentiment or enother, and James Athcrion and Kate Flowers made characters out of their puppets by sheer bright verve. As the visiting siren who initiates the game of partner-changing, Linda Zoghby displayed an engeging operatic range beyond her sweetly passive Mimi of two seasons ago. If both she and the very musical Evelyn Petros were rbythmically slack in their slower music, both made amends in Act Two.

There, with all the characters in sourer pickles than before, Haydn offers music of reel invention and depih, with aries developed atrongly enough to bear abstract comparison witb Mozart's. If only the action supported them: if only Haydn bad bad a da Ponte! There is not one sustained intrigue in *La fedeltà premiata*, end so the shifts of feeling and resolve that Haydn maps ao delicately bear no dramatic weight: nothing turns upon them. Max-René Cosotti almost persuaded us that something did—and his Italian, and Ferruccio Furlanetto's (in the role of a lecherous priest of Diena, vetting cendidetes for the sacrifice agsinst candidates for seduction), put their colleagues' clouded vowels to shame. John Rawnsley's boisterous scapegrace suffera most from the dim libretto, which gives him nothing pungently characteristic to do. Never mind: Mr. Cox bas shaped all this patchy materisl into a delightful Glyndebourne evening, bejewelled with bits of the might-have-been Haydn, the Haydn who might bave bad a real dramatist and a reel audience.

Covent Garden

Manon

by CLEMENT CRISP

Manon returned to the Opera House repertory on Wednesday night, and though one might carp at rackety scene changes and orchestral playing less than beguiling in its way with Massenet's boneyed tunes, the ballet itself was in best form. Intriguing how, in the first scene, the entire later action seems encapsulated. At curtain rise the predator Lescaut—a hypnotic performance by David Wall, darker and more malign in quality than ever before — surveys the corrupt wold of the Régence.

With devilish glee he shows his mistress a couple of poor whorea on their way to deportation; as soon as Manon arrives, her innocent beauty becomes a marketable commodity; the no less innocent des Grieux falls victim to her, and implicitly, to the moral degeneracy of the society into which she drags him. And from this skilfully prepared ground springs the whole tragedy. It is exemplary dramatic plotting.

No less exemplary the company performance, and especially the central trio of Jennifer Penney, Wayne Eagling, and Wall. I bave never found Penney more radiantly lovely, or more persuasive an advocate for Manon's character. In the first act there is something kittenish in her desire to please, and an adorable sweetness in ber eagerness for worldly triumph. With Eagling as an ardent des Grieux, the bedroom duet spoke thrillingly of the first radiant flush of pbysical passion.

The gradual tainting of Manon's character, the delighted quest for wealtb — poverty the only sin she recognises—and the capricious acceptance of des Grieux yet again (characteristically, Manon is trying to have her cake and eat it) were shown by Penney in dancing of irresistible allure. And as the poor wreck of the last act, she was no mora than a ghost, and pitiable.

Eagling makes des Grieux heroic by his sheer fidelity. If there are danced moments less technically amazing, less luscious in dynamic outline, than he has shown us in the past, the cbaracter is stronger, in conveying the obsessive nature of his pession for Manon. From David Wall the vivid combination of calculated charm, and single-minded opportunism—and dancing of hair-raising skill in the drunken duet with the no less dsring Monica Mason as his mistress. In all, a fine account of a fine ballet.

Arts Minister suspends export licence

Mr. Norman St. John-Stevas, Minister for the Arts, has accepted the recommendations of the reviewing committee on the Export of Works of Art that a licence to export a pair of flintlock presentation pistols, circa 1775, should be withheld for three months to give public collections in the United Kingdom the opportunity to purchase them.

The committee considered that the items were of national importance under the criteria laid down by the Waverley Committee.

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Telephone: 01-248 8000

Friday July 25 1980

The impact of energy costs

GIVEN THE Government's consistent and in our view entirely correct dislike of protectionism, Ministers are unlikely to respond sympathetically to the latest plea for import controls—this time from the paper and board industry. But it does not follow that the industry's problems should be ignored. The threatened closure of Bowater's large newsprint mill at Ellesmere Port is not something that can be shrugged off as an unfortunate consequence of the Government's anti-inflationary policies. Large parts of the paper industry are peculiarly vulnerable to the high value of sterling in relation to the dollar. While there is no doubt scope for improving efficiency, there are severe limits on the industry's ability to adjust to the change in exchange rates by switching to products of higher added value.

Adjustment

British paper and board makers have already carried through a very considerable adjustment over the past 15 years. After a long period of protection, they were forced by the EFTA agreement to come to terms with increasing Scandinavian imports in a number of bulk grades which the UK, with its lack of forest resources, could not hope to produce economically. A good many mills were closed down, others were converted to produce grades which could be based on waste paper rather than imported pulp. There was investment in special-purpose grades which were less exposed to import competition, as well as renewed interest in making maximum use of home-grown wood to support indigenous pulp production.

These changes were made with very little government intervention or assistance. Until recently it seemed reasonable to hope that a substantial paper industry, albeit smaller than it used to be and with a gradually declining share of domestic consumption, could remain viable in the UK.

The change in the pound/dollar relationship, however, has had a disastrous effect on those grades which compete directly against imported North American products. This is particularly true of newsprint and test liner, the waste-based alternative to imported kraft liner which is used in the manufacture of corrugated cases. The price of newsprint in sterling terms is actually lower than it was three years ago, while increasing kraft liner imports from the U.S. have already caused closures among test liner producers; further casualties among waste-using mills could threaten the viability of the waste paper collecting industry.

The Government has no intention of trying to force sterling down, even if it were feasible to do so. Subsidies to help the papermakers cope with their present problems are equally implausible, since they would be wholly inconsistent with the Government's economic principles and would invite similar demands from other hard-pressed industries. It is worth pointing out, though, that the world paper industry, especially the newsprint part of it, is riddled with subsidies of one kind or another. This applies to major producing areas like Canada and Scandinavia, and to countries like France where the Government supports domestic newsprint producers by a combination of import controls and financial assistance. The fact that these practices are rife is not an argument for the UK doing likewise, but they represent a distortion of trading patterns which has certainly contributed to the present plight of the British paper industry.

Resources

The industry, of course, is looking for more than sympathy and understanding; it wants some action. The strongest part of its case to the Government relates to energy costs and it is entitled to a coherent response on this issue. There is no good reason why tariff structures in the UK should have the effect of penalising energy-intensive industrial processes of which paper-making is one example. Energy costs for a British paper mill are high not merely in comparison with North America, but with countries like Germany and France whose energy resources are much poorer than those of the UK. A mill like Ellesmere Port which is based on home-produced pulp can probably cope with the fact that its wood costs are relatively high, but the additional burden of energy prices undermines its ability to compete. Since the source of the problem lies in the pricing policies of the nationalised industries, the Government can hardly decline to take an interest in the matter.

A challenge for Poland

ONE MAJOR difference distinguishes the current round of labour unrest in Poland from otherwise similar outbreaks in 1970 and 1976. Both the earlier outbreaks of labour resentment against low living standards and higher meat prices erupted into spontaneous violence to which the Government reacted with a major show of armed force. This led to several hundred deaths in the Baltic port cities and the overthrow of party secretary Wladyslaw Gomulka in 1970 and mass arrests in 1976.

Both sides have clearly learnt their lesson from these bitter experiences and this time round the actions of workers and the party alike have been characterised by restraint and non-violent protest. The Government has not been forced into a humiliating retreat and has stood firm on its decision to raise the price of meat. The workers have couched their demands in reasonable terms.

Higher wages

The situation remains fluid. Strikes are still breaking out in many parts of the country and local management has been empowered to negotiate higher pay awards. Logically the strikes can only be expected to finish once all Polish workers have been equally compensated for the higher prices.

The end of the strikes will not, however, signify the end of the problems facing the Polish regime. On the contrary higher wages coupled with mainly cosmetic promises of higher productivity will add to inflationary pressures. Such pressure will make it even more difficult for the Government to honour its commitments to foreign bankers who have been promised the restoration of equilibrium in the balance of payments by 1981.

This faces the regime with a major challenge. If Poland were not a one-party Communist regime a solution might lie in a change of government and the injection of new blood and new ideas.

The one-party system does not allow of such luxuries however—and neither does the Soviet Union next door. This means that the Polish regime itself must find a way to tap the patriotism and national pride of Polish society at large.

Poland is endowed with considerable natural resources, principally coal, copper and sulpher. Heavy investment over the last decade has also endowed it with new and highly productive shipyards, new mines, harbours, steel mills and engineering plant. It also has an increasingly better educated labour force and an impressive and highly respected intelligentsia. In spite of all these assets the present Polish regime after a bold start, has not been able to put them to good use.

In order to do so in future it has to convince the majority of Poles, who are not Communists, that the regime now recognises that they will have a major role to play in future. The fact that the Politburo, the highest political organ has tacitly acknowledged the right of workers to organise themselves outside the official, party dominated, trade unions is in itself a significant pointer.

In the light of Poland's international situation, as a neighbour of the Soviet Union and member of both Comecon and the Warsaw Pact, the Communist Party will necessarily have to remain as the official "guiding light" of Poland.

Greater honesty

In practice however the way forward for Poland lies in recognition by the Polish leadership and the Soviet Union itself that the party can only rule by the consent.

This means *de facto* recognition that Poland is already a pluralistic society in many ways, thanks to the power of the Catholic Church, the independent peasantry and an intelligentsia which has kept alive the flame of Poland's traditional culture. What all these independent groups are demanding in exchange for their co-operation is greater honesty about the past, a less sycophantic attitude towards the Soviet Union and a say in the economic decision-making process.

Arriving at such a compromise however will fully test the capacity of the Communist system to adapt and change. It could also stretch the patience of the Soviet Union—which has proved in the past to be so nervous about change both at home and among its neighbours.

How to handle the OPEC surpluses this time round

BY NICHOLAS COLCHESTER

Glyn Genin

M. Jacques de Larosiere, managing director of the IMF (left) and Mr. Robert McNamara, president of the World Bank.

BARRING a currency drama, it is a fair bet that the annual meetings in late September of the International Monetary Fund (IMF) and the World Bank, and the congress of bankers which they occasion, will be dominated by the themes of recession and international lending.

The assembled ministers of the industrial countries will worry about the former. The latter will be the talk of everybody else, because recycling world payment surpluses to finance deficits is now the main pre-occupation of bankers, the World Bank and the IMF.

Large surpluses will be there to be moved. The underlying premise is that the real price of oil will hold up in the early 1980s and that the Organisation of Oil Exporting Countries (OPEC) members will not be able to spend their revenues in the way they managed to spend them after the first oil shock. Their net external assets—the amount of money they have on deposit with, or on loan to foreigners—will therefore have to rise to $400bn by the end of 1982 compared with $200bn at the end of 1978. Some $100bn of that increased total will accumulate in the current year and will have to find a home somewhere.

The premise could prove false: it did last time. But this prospect, firmly established in most economists' minds, has this year provoked a remarkable parade of novel schemes designed to achieve the necessary recycling of oil money.

At the head has been the Brandt Commission report, a "programme for survival" with proposals for a new World Development Agency and for global taxation of the arms trade. This flagship has headed a flotilla of ingenious ideas. They range from alternatives to the ill-fated substitution account of the IMF, through an OPEC-OECD treaty bartering a stable oil price for investments of guaranteed value, to schemes designed to bolster the international banking system by means of official guarantees and safety nets, to commodity-linked bonds.

All of these schemes seek answers to the key conundrum: how can Western countries, with more wealth than surplus cash, get together with OPEC countries, having more surplus cash than wealth, and channel funds to countries having neither.

Debate of this question in Washington in September is made more likely by the fact that both the IMF and the World Bank are responding to pressures to change their ways in providing finance to the

Some $100bn will have to find a home this year

Third World. There is a good chance that the IMF will use the forum of the annual meeting to present new methods of funding itself and new terms on which it will be willing to lend.

International bankers will have more reason than ever to confer in Washington. The position of the international banks is popularly supposed to be a key ingredient in the looming problem of Third World finance. They bore the brunt of the first wave of recycling in the 1970s. Now there is general concern that they are approaching regulatory limits both to the amount of lending they can support with their existing capital and to their exposure to particular, highly indebted countries.

So far, the evidence that this is happening is only tenuous. It is true that bank loans extended to non-OPEC developing countries in the first half of this year totalled only $11.7bn compared with $22bn in the second half of 1979. But much of this first half was characterised by a stand-off between borrowers and banks as they digested what turned out to be the non-impact on the banking system of developments in Iran—the taking of hostages and the freezing of Iranian assets—and the invasion of Afghanistan. This immobility was reinforced by the rise of U.S. interest rates to a peak of more than 20 per cent.

During the summer a clearer picture has emerged. First, the competition to make loans to borrowers with any sort of claim to creditworthiness remains intense. The "spreads"—the margins over interbank rate—at which such loans are being extended are once again as low as they have ever been. Loans guaranteed by some European countries—France and now perhaps, Ireland too—are possible at a margin of ⅜ per cent. Maturities of ten years are still negotiable.

It is very difficult to see how banks can justify participation in credits on such terms. Dr. Wilfried Guth, the head of the Deutsche Bank, asserted recently that "applying all defensible cost saving calculations" a bank's minimum average margin should range between ⅝ and 1¼ per cent.

On the other hand, the summer also seems to have established a consensus among banks that certain heavily indebted borrowers in the developing world must now be charged more for loans. The classic example is the recent international loan to Brazil's electrical utility Eletrobras where a margin of 1⅜ per cent for eight years was enough to make the loan a very popular one. At the start of the year Brazil was borrowing at a margin of just below 1 per cent.

Such a modest increase in Brazil's fees pales into insignificance beside the recent 10 per cent fall in the dollar interbank rates on which all these loans are based. At the same time the fact that a small rise in the annual margin will reconcile the banks with Brazil or Poland does not suggest that, as a group, the banks are running into regulatory limits. The margins would be immaterial if they were.

But there is a chain of other more discomforting signs. First there is the "crowding out" of the less developed borrowers: the table shows how the developed world, which has its own substantial deficits to finance this year, is taking a steadily mounting share of new bank loans. There is a bunching of the Third World's maturing bank loans in the early 1980s, to which the World Bank has drawn attention. More immediately, there is striking evidence from Morgan Guaranty that the 12 major developing country borrowers raised only one quarter of their estimated needs for 1980 during the first six months. Other, very needy, countries have no access to bank loans at all.

Finally there is the rapidly deteriorating capital backing of international banks. According to The Banker the ratio of capital to assets of the world's 100 largest banks dropped last year from 3.85 per cent to 3.50 per cent.

The crux of the problem for these banks is that, as the Bank for International Settlements put it, "from the point of view of sound banking principles, financing a persistent balance of payments deficit is a different proposition from financing a temporary one." One solution which has been widely suggested is that official sources of finance, like the IMF and World Bank, should become more closely involved in international bank lending.

Three possibilities are cited — that banks should be offered guarantees on certain loans by, say, the IMF, that certain bank loans should be indissolubly linked with official finance through so-called "mandatory cross default clauses," and that bankers should be granted fuller access to the information which borrowing countries reveal to official institutions.

None of these seem probable at present. The World Bank is

A stand-off between borrowers and banks

unwilling to offer guarantees because they count as loans in the assessment of its lending limits. The IMF is very unwilling to share its insights into developing economies with commercial banks because it knows that the governments would not stand for it.

As for linked loans, the World Bank is already doing a bit of this: $1bn of the gross new lending of $11bn extended by the World Bank in the last year was accompanied by packages of commercial bank finance. These packages involve cross default clauses: if the borrower defaults on the banks, the World Bank has a right to call for repayment of its own loans. But commercial bankers talk wistfully of *mandatory* cross default where the World Bank would *have* to call for repayment. World Bank officials say they do not like the idea. They feel that optional cross default is a sufficient discipline.

In the near term the best hope is that the IMF and the World Bank will simply lend more themselves. So far, the IMF has made only a marginal contribution, albeit in some of the situations of greatest need. At the end of May it had only $8.8bn out on loan to non-oil developing countries, compared with the exposure of the international banks of more than $60bn. Moreover in recent years repayments have matched disbursements so that since the beginning of 1978 there has been virtually no net IMF lending to the non-oil LDC's at all.

The main problem is the economic policy conditions which the Fund attaches to much of its lending. But it is also possible that, as one central banker puts it, "there just is not enough in the Fund's shop window."

The Fund has already made it abundantly clear that it is going to change things. It will lend larger amounts, will lend them for longer than the three-five years which is now typical, and it will be more flexible and understanding in the economic conditions it imposes. The Fund is already looking for the necessary financial backing from industrial and oil exporting countries. For the moment it is eschewing private finance — IMF bond issues for instance — but it does not rule these out.

The World Bank will be taking more modest steps towards a greater contribution. Mr. Munir Benjenk, vice-president, stresses new lending for energy projects and the World Bank's new foray into "structural adjustment lending" as two examples of its efforts to boost lending. The latter involves balance-of-payment loans with conditions attached. It is thus a new and rather tricky departure for the World Bank, which hopes to lend an extra $600m-$800m in this way over the coming year.

The World Bank is also waiting for an increase in its capital and is thinking about doubling its gearing ratio (at present it cannot lend more than its authorised capital plus reserves). But since the latter is now standing at $41bn, compared with the $25bn which the bank has out on loan, it does not seem to be under much constraint in the short run.

It is only a little cynical to observe that the world's finan-

'There just is not enough in the Fund's shop window'

cial system lives from day to day and that only some form of financial crunch will bring the grander recycling schemes down from the realms of conjecture.

If the large surpluses and deficits are sustained and accumulate in the way presently predicted, it is difficult to see how the present arrangement—too little aid, too little official finance, too little securities finance and a daunting reliance upon bank finance—can hold up. But there are grounds for hope that the flows can be nudged gently into different channels.

Western recession will probably stimulate Government guaranteed export finance. Bank competition and bank regulation will gradually erode the terms which banks are inclined to offer for OPEC deposits. OPEC countries will be prompted to develop further direct investment in, and direct loans to the Third World. Threats of default will see to it that the unused resources of a more flexible World Bank and IMF are brought into play. It could well be this sort of evolutionary change which will provide most of the answers to the big conundrum.

WORLD PAYMENTS BALANCES ON CURRENT ACCOUNT*

($bn)

	1975	1976	1977	1978	1979	1980
INDUSTRIAL COUNTRIES	16	−2	−5	31	−11	−51½
DEVELOPING COUNTRIES						
Oil exporting countries	35	40	32	5	68	115
Non-oil developing countries	−46	−32	−28	−36	−55	−68
SUBTOTAL, FUND MEMBERS AND OTHER	5	6	−1	—	3	−4
NON FUND MEMBERS	−9	−8	−4	−7	−5	−7
Centrally planned economies	−11	−9	−6	−8	−7	−10
TOTAL	−4	−2	−5	−7	−2	−10
Less timing asymmetry on trade	1	5	2	3	10	6
Residual asymmetry	−5	−7	−7	−10	−12	−16

* Goods, services and private transfers.

Source: IMF, World Economic Outlook 1980

MAIN CHARACTERISTICS OF THE MEDIUM-TERM EURO-CREDIT MARKETS

	1979 Q1	1979 Q2	1979 Q3	1979 Q4	1980 Q1	1980 Q2
New loans ($bn at annual rates)	57.1	66.0	107.7	82.0	61.8	57.1
Longest maturity* (years)	18	15	15	15	15½	12
Average maturity* (years/months)	8/6	9/3	7/9	9/3	8/11	7/8
Lowest spread* (per cent per annum)	½	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Average spread† (% per annum)	0.87	0.76	0.73	0.64	0.67	0.64
OECD borrowing as a per cent of total	27	37	36	42	45	51

* Loans of $50m and over.
† Weighted means of spreads applied to loans of $50m and over with a maturity of over three years completed or signed during the period.

Source: OECD Financial Market Trends

MEN AND MATTERS

Trawling for the richest catch

Naturally independent and long preoccupied with the dangers from Common Market "poachers," the Scottish fishermen can be forgiven for taking so long to take a direct interest in the oil reserves swilling about beneath their thinning shoals of fish. Still, yesterday's launch of the Fishermen's Petroleum Company came as no surprise to my spy on the quayside, who describes chairman David Reid as "one of the best businessmen who ever donned oilskins."

Reid himself seems a modest enough fellow. "I am an Orkney fisherman with other interests," he tells me guardedly. Pressed, however, he also claims to have made three fortunes in the North Sea—spending two—before the oil was ever dreamed of.

Living in some splendour in Orkney, Reid is the entrepreneurial force behind the new company which has joined an oil exploration consortium led by Kerr-McGee into the Moray Firth. He went into the project with a 1 per cent share in his own right before his Board—all well-known in the fishing business—tagged along.

Chairman of the Orkney Fishermen's Association, he trades in trawlers, he also farms, fishes and owes his early contacts with the roughnecks to the time he worked the Beatrice Field clearing up the seabed rubbish left behind by the pipeline layers.

"We took a close look at some of the oil companies and decided they were not so bad after all," he says. "Then we asked them how we could get involved." Not surprisingly, considering that the Government is likely to pay special attention to licence applications from the aggrieved and depressed fishing industry, Kerr-McGee was only too pleased to advise.

"Presumably what she has in mind is emigration"

Nagging clock

My man at the bedside tells me that the waking hours of Thorn-EMI's chief executive Peter Laister have been considerably enlivened by a device from Sharp, the Japanese corporation with which Laister's own company will be co-operating in future. This is an alarm clock which employ's Sharp's voice-synthesis expertise in its efforts to rouse the reluctant riser. At getting-up time, the machine plays an elegant minuet and a mannikin voice pipes: "It's seven o'clock!"

Five minutes later, if it has received no response, the machine returns more forcefully with a vexed: "Please hurry up, it's five past seven." Dozers are allowed a further five minutes before the clock throws politeness to the wind, and with ratty finality orders "Hurry up!"

Mullahd wine

There is a tonic for the troops in Tehran's diplomatic community—this time with the gin back in full measure. The alcohol is trickling back into parched ambassadorial throats after a neat deal to square the Islamic revolutionaries who refused to allow supplies of alcohol through the ports.

One ambassador was reduced to brewing his own beer with a Boots kit in the spare bathroom; enforced pecking order meant wine only for the most important guests.

The increasing international isolation of Iran eventually tipped the balance. With thousands of Iranians awaiting visas to visit Europe, it was a simple matter to ensure that a handful of influential customs officers did not find themselves unduly low on the lists.

On the waterfront

Among the prized pictures, engravings and rare clocks adorning its offices, merchant banker Robert Fleming is currently showing off a rare new treasure. It is the Kitcat Cardiac Cup, a trophy snatched from stockbroker Kitcat and Aitken on the Thames tideway the other evening.

The cup (in fact a shield) was presented to Fleming oarsmen who showed the strength of their reserves by beating Kitcat by two lengths over a mile race between Putney Reach and the bar of the Thames Rowing Club.

Kitcat's defeated skipper, Alan Kelsey, who stiffened his crew of five in-house men with three outsiders including "ringer" and former Olympic trialist Fred Rossiter from E. F. Hutton, approached the start with some trepidation. "Most of us were golden oldies who haven't rowed for years," he tells me. "We even called our boat Cardiac Arrest.

Back in the hunt

How heartening to see that commodities connoisseur Nelson Bunker Hunt is back in business. Still nursing scorched fingers from his recent blitz on the world silver market, he broke cover in Lexington, Kentucky to visit a sale of yearling racehorses from his Bluegrass Farm. The 53 lots raised more than £4m in small change — which should help a little towards paying off the £500m loan raised to help him cover his silver losses. Early last month, Hunt followers will remember, he mortgaged his entire string of 533 thoroughbreds along with other prized possessions.

Not that his business sense has been much damaged by his recent setbacks. At the start of the sale Hunt took the auctioneer's microphone to say he would happily buy back 25 per cent of each horse provided it raced in Europe or North America. And his sense of humour also seems intact. After the seventh lot he nudged the man with the hammer aside and jockeyed the bidders along with the announcement that all the lots were offered guaranteed free of mortgage.

Short good buy

"The initial excitement of dawn raids, notes one of my colleagues with masterful understatement, "has worn off." With the practice becoming as familiar a feature of the Stock Exchange morning as the first cup of coffee, some of the sharper dealers have taken to napping the victims in advance, rather than simply hoping to get in quickly when a raid begins.

The all-seeing writers of the market tapes have devised their own catch-phrases to describe the phenomenon. Yesterday, for instance, both British Sugar and Turner and Newall were described as "dawn raid candidates," as their shares began to bubble. Sirdar's 7p share price drop was attributed to "frustrated dawn raid hopes." The market has even put its own price on the expected Turner and Newall raid—150p. The year's low is 90p, but by late yesterday rumour had driven the share price up 12p to 129p.

Were stockbrokers less scrupulous people, they might even start unfounded dawn raid rumours to off-load holdings.

Observer

هكذا من الأصل

Britain's big parties run out of money

THE Labour Party is not alone in being in financial difficulties; the Tories are also in trouble.

It costs about £5m a year to run the Conservative Party at the central (as opposed to the constituency) level. The party had a deficit in the year ended March 31, 1979 of £1.37m. It overspent heavily on the General Election and by now must be quite seriously worried about how the missing millions are going to be financed: hence, for example, the recent cutbacks at the party's Central Office.

Indeed the only major party which has recently been in surplus is the Liberals, and even that may be changed when the next accounts appear.

All of which ought to suggest that the question of state aid to parties is back on the political agenda. It is, but only up to a point. The Labour and Liberal Parties are in favour of such aid, as they have been for some years. The Tories are, as ever, adamantly against. Since the Tories are in office, it is unlikely that there will be any change in the system before a general election. Still, it is worth rehearsing the arguments; they could even appeal to some Conservatives.

The best point of reference is the report of the Houghton Committee, a body which was set up by the Labour Government in 1975 "to consider whether provision should be made from public funds to assist political parties in carrying out their functions outside Parliament." The majority of the Committee came down in favour of public funding; however, a significant minority was against. Publication of the report was not exactly a landmark in British politics.

Yet the report was prescient in a number of ways. It said, for instance, that the political parties' traditional ways of funding themselves were in danger of being eroded by inflation. It warned that while the two big parties might still have little difficulty in raising funds when it came to a general election, there was a growing problem of financial provision for the years between elections. Without state aid, it suggested, the only way that the Conservative Party could be adequately financed would be by drawing more heavily on business and industry. As for the Labour Party, it would have to rely more than ever on the trade unions.

All these prophecies have come to pass. It is very difficult to persuade someone who, not all that many years ago, might have been paying two shillings and sixpence for an annual party subscription that he or she should now be paying several pounds just to keep up with inflation. The money continues to come in, so far as it does, largely at election times.

If the Tory Treasurer fails to raise the money, he will be fired

The two big parties are relying even more than before on their big brothers. The trade unions have recently bailed out the Labour Party yet again. The Conservatives decline to give a breakdown between contributions received from business and those from individuals on the grounds that it would not be "cost-effective" to bother with such details. But it certainly looks as if they have become more dependent on business. In spite of that, they have gone deeper into the red.

The Labour Party has been more open about admitting that there is a problem. The report of the party's Commission of Enquiry, published last week, says: "It is clear that the party has effectively no reserves, a thoroughly inadequate income and is moving into serious deficit and debt." The party, it goes on, "now has little in the way of realisable assets and its expenditure in 1979 grossly exceeded its income."

There are other devastating, though perhaps not wholly surprising, admissions. No-one says the report, has overall control or even oversight of party finance; nor does it seem that anyone had ever since anyone can remember. Nearly 90 per cent of the party's income at national level—£1.5m out of a total of £1.68m in 1978—comes from trade union affiliation fees. In other words, the Labour Party is being run at less than half the cost of the Tory Party, a fact which might not be entirely unrelated to the last election result.

Yet the Commission of Enquiry has come up with some interesting suggestions. It recommends that the annual individual subscription should be raised to £5 in 1981, but proposes special rates for household membership and for the non-employed. It also suggests a special category of supporters who might like to pay say £1 a year without being registered as card-carrying members.

That last idea in particular seems worth developing. There must be quite a lot of people who would be prepared to pay £1 a year to the Labour Party, perhaps depending on who leads it, and maybe £1 each to the Tory and Liberal parties as well. It would be a small price to pay for preserving the political system as we have known it, and the pounds would soon add up. It might even be an acceptable substitute for state aid. But that is by the way.

The Commission of Enquiry also calls for public funding, as did the Labour Party in its evidence to the Houghton Committee. But it admits that in the short term there is no alternative to a radical increase in the financing provided by the trade unions.

The Conservative Party's approach to the problem is quite different. It is opposed to State aid as a matter of high principle. Lord Thorneycroft, the Party Chairman, has gone so far as to say that if the Labour Party returns to office and introduces state aid, the Conservatives will refuse to accept it, though to which charity the money would then be donated is not stated. The Conservative Party does accept state aid—to the tune of £165,000 a year—while in opposition.

Mr. Alistair McAlpine, the party treasurer, accepts this position enthusiastically. He says it represents the Tory romantic tradition of appealing to the individual. It is up to the treasurer to raise the money. If he fails, he will be fired and rightly so, again in the best Tory tradition.

There is another rather more businesslike explanation given by Lord Thorneycroft. It is that it is the aim of the party to reduce taxation, not to raise it. The party must be seen to set an example. If it cannot find the money by voluntary means, it must cut back on its activities and become more cost-effective. That is what is happening at Central Office at the moment.

The trouble with these explanations is that they beg several questions. They are acceptable provided that the money is found, but what happens if it is not? The answer is that the party's efficiency and its ability to undertake long-term strategy are impaired. At present, the Conservative Central Office is actually cutting back on its community affairs department. This is the very department which was designed to give the party a broader base in the country: for example, among trade unionists, immigrants and the young. In the long run it cannot be helpful for the Conservatives that this activity should be reduced.

Besides, there is a peculiarly British fallacy in the arguments against State aid. It is assumed that it would be somehow corrupting because the parties have got by without it in the past. The evidence of other equally democratic countries, which have introduced State aid, is to the contrary. If one enters the Christian Democrat headquarters in Bonn, for instance, there is an air of some efficiency and an impression of serious research being undertaken. The Tory Central Office in Smith Square, by contrast, is beginning to seem like a bunker. The Labour Party headquarters has already retreated south of the river.

The Government is preparing to increase the deposit made by election candidates

Not least, there is an assumption that if the parties accept State aid, voluntary contributions will cease. The examples abroad again show that that is not the case. What happens is that State aid provides a certain guaranteed income which allows the parties to look after long-term planning and the management of their organisations.

Some new work on the subject is now being done by a committee chaired by Mr. Edmund Dell, the former Labour Minister, under the auspices of the Hansard Society. It is not due to report until the new year, but it could well be that by then the financial position of the parties will be sufficiently grave to command more attention.

The party which stands to lose most from maintenance of the status quo is the Liberals, since they have neither the trade unions nor business and industry to fall back on. As it happens, the party is also threatened financially on another front. The Government is preparing to increase the deposit that has to be made by any candidate to a Parliamentary election.

The present deposit is £150 and was introduced in 1918 to deter frivolous candidates. It is forfeit if the candidate gains less than one-eighth of the votes cast. The sum has not been changed since.

On the face of it, there is every reason why the figure should be increased now, if the deposit system is to be kept. Parliamentary candidates do, after all, enjoy substantial privileges, such as free postage and access to the media, during election periods.

It is clear, however, that the party likely to be hardest hit by any change would be the Liberals. They lost 294, or just over half, of their total deposits at the last general election, which was already a substantial sum.

The Government is understood to be considering a new figure somewhere between £600 and £1,250. It is probable that this would be accompanied by some reduction in the threshold at which the deposit was forfeit—say to 10 per cent. It is very unlikely that it would go as low as 5 per cent. If one assumes that the deposit is set at £1,000 or even £750, it is plain that the Liberals stand to lose a very great deal. The change would affect the Tory and Labour Parties scarcely at all. That, too, is a subject about which we are bound to hear more.

As a footnote, one should add that a fundamental change affecting finance and politics may have taken place this week when MPs voted to tie their salaries to a Civil Service grade. If the decision is not reversed, they will be considerably higher paid in future. That could have an effect on the intake. Mrs. Thatcher is wrong to say that there is no shortage of candidates as illustrated by the 200 or so who sought the Tory nomination at the Southend by-election. Her remark says nothing about the quality. Civil Service rates of pay could change all that, as well as leading to a demand for party organisations, which are more professional.

Malcolm Rutherford

CANDIDATES' LOST DEPOSITS

The Representation of the People Act 1918 provided that any Parliamentary candidate would have to deposit, on nomination, £150 in cash with the returning officer. This money would be forfeit to the state unless the candidate received one-eighth of the valid votes cast. The number of deposits lost in general elections has been as follows:

	Con.	Lab.	Lib.	Comm.	Other	Total	% of candidates
1918	3	6	44	—	108	161	9.9
1922	1	7	31	1	12	52	3.6
1923	—	17	8	—	2	27	1.9
1924	1	28	30	1	8	68	4.7
1929	18	35	25	21	14	113	6.5
1931	—	21	6	21	37	85	6.6
1935	1	16	40	—	24	81	6.0
1945	5	2	76	12	87	182	10.8
1950	5	0	319	97	40	461	24.6
1951	3	1	66	10	16	96	7.0
1955	3	1	60	15	21	100	7.1
1959	2	1	55	17	41	116	7.6
1964	5	8	52	36	85	186	10.6
1966	9	3	104	57	64	237	13.9
1970	10	6	184	58	150	408	22.2
1974 Feb.	8	25	23	43	222	321	15.0
1974 Oct.	28	13	125	29	247	442	19.6
1979	3	22	284	38	636	983	38.1
All General Elections	105	212	1,532	456	1,814	4,119	13.5
By-elections 1918-79	15	14	93	34	314	470	19.4
Lost deposits 1918-79	120	226	1,625	490	2,128	4,589	14.0

Source: British Political Facts, David Butler and Anne Sloman, Macmillan.

Letters to the Editor

Facts of life

From the Managing Director, Hydrocut.

Sir,—It is all very well "union leaders being very angry"— reference to the article by John Lloyd on July 23.

High interest rates hurt my company; it has made a loss in the last year. I cannot, therefore, have a rise in salary unless I either borrow more money or run my company more efficiently.

The simple facts of life seem to be ignored by union leaders. It is they who have fuelled the unemployment figures by their irresponsible actions of the past. If Mr. Murray thinks it a crime to offer a lower wage rise in exchange for a job, then it is he who should be in the dock. It is he and his kind, intent on encouraging high wage demands, overmanning in the state and public sectors, who have brought about the "conditions" in which we find ourselves.

Union leaders, instead of trying to gloss over their errors of the past, should admit them and encourage the utmost moderation in wage negotiation (not "demand"). In this way they might restore the confidence of their members.

T. R. B. Chamberlain,
Hydrocut,
Sudbury, Suffolk.

Coal industry penalised

From the Director, Council of Ironfoundry Associations.

Sir,—Mr. Boam writes (July 23) of the penalties under which our coal industry operates compared with France, Germany and Belgium. His question could quite well be extended to the ironfounding industry which uses a considerable tonnage of foundry coke in its furnaces.

The current ex-ovens price of this coke is £95.30 per tonne, but our competitors pay less. At present French foundries which are competing very strongly in our domestic market, pay no more than £65.70. The UK foundry industry is rife with rumours that the price of foundry coke is to be increased again this year. What hope, then, of our foundries being able to compete when they are saddled with this extra burden, not to mention the burden of increased costs from other nationalised industries? The disparity between the UK and French price for coke is such that, before long, some enterprising fuel merchant will seek to import French coke.

There are, it seems to me, two lessons to be learned from this, one by the National Union of Mineworkers and the other by the Government. The NUM and its members should pause to consider very carefully the extent to which they push their current wage claim. If they push it beyond the bounds of what can be afforded by increased productivity, they will be pushing fellow trade unionists out of work as we lose more markets because of dearer coal. The Government should press very strongly for the removal of coal subsidies by our Community competitors, and if unsuccessful, then it should remember the old adage: "If you can't beat them, join them!" and pay a subsidy on coking coal to match that found in Belgium.

D. L. Farrant.
The Council of Ironfoundry Associations,
14 Pall Mall, SW1.

£25 extra a week

From Mr. W. King

Sir,—Confusion, consternation and inflation have been fuelled in post-war years by Government, Management and Unions trying to bemuse us all by talking of wage increases instead of the very British readily understood pounds and pence using the meaningless jargon "percent." Percent on an unquoted base figure is like a piece of string without end, and if a base figure is used it is much simpler to quote increases as for example £25 per week, the approximate figure of the MPs' increase rather than hide behind "9.6 per cent."

Under the direction of the Prime Minister, Government Ministers are heralding this as a major breakthrough, a real holier-than-thou attitude to urge us all to believe that all Members of Parliament are sharing in the economic crisis. Using the very hackneyed method of comparability we see how false this is.

The new meagre increase voted by MPs for themselves is about equal to the total amount per week that each old age pensioner receives. The simple figure of arithmetic, without the infusion of percentages, is because an MP already received nearly 10 times as much as an old age pensioner before they opted for even more. The near 2m unemployed, who could not make their voice heard, fare little better than the old age pensioners.

It seemed more than coincidence that Members sat through the night to ensure that their salary and pension increases were secure before opening the books to reveal a frightening figure of nearly 2m unemployed.

When will all parties realise that the UK is in itself the largest public company we have. If the Board of any major company in this country had met in the still of the night to vote themselves salary increases hours before revealing near disaster their shares would have been suspended on the Stock Exchange.

Recently the Prime Minister, ably supported by Sir Keith Joseph, said they had found a unique way to get value for money from top management with the appointment of Ian MacGregor to British Steel. Payment by performance. May I suggest this, and all other, Governments adopt the same policy. We are the shareholders in "United Kingdom Limited" and of course pay the massive Westminster wage bill and could think "9.6 per cent" or £25 per week extra was gross overpayment.

Wilfred King.
*17 Hargate Close,
Tunbridge Wells,
Kent.*

Money for ballots

From the General Secretary, Amalgamated Union of Engineering Workers

Sir,—I cannot with complete confidence record the names of those responsible for the distorted leaks upon which Christian Tyler's article (July 17) was based, but of course I have a good idea; nevertheless, I'm afraid his analysis is quite wrong.

The most obvious target is not, as he reports, ". . . the Bill's provision of public funds for financing trade union ballots." This is an unimportant residual issue compared with the deep subtle impoverishing anti-trade union intentions of the Bill: this is why the three engineering representatives, on behalf of the AUEW, have played their part within the general council of the TUC in opposing the Bill in its entirety, and my union will continue so to do.

For some time now, however, all TUC unions who are able to run educational courses, have enthusiastically queued up for Tory Government grants to subsidise these activities—more dangerous conduct than accepting money for postal voting, the former influences thinking, the latter is a mere mechanical exercise.

(Sir) John Boyd,
AUEW,
*110 Peckham Road,
SE15.*

Trade union attitudes

From the General Secretary, Engineers' and Managers' Association

Sir,—Philip Bassett (July 22) unfortunately misrepresents what I said in my article in the current issue of my journal when he says that I am urging the Government not to abandon its economic strategy in spite of TUC opposition.

What I was arguing was that the General Council should not demand that the Government should abandon its economic strategy as a condition of talking to them—which is quite different.

In fact, my union does not support the Government's economic strategy, which is undermining British industry and needlessly creating unemployment.

The essence of my article was to do with the need for the TUC to fashion policies which would maximise support in opposition to the Government's economic policies as opposed to taking actions and striking postures which are divisive and ineffectual.

John Lyons,
Engineers' and Managers' Association,
*Station House,
Fox Lane North,
Chertsey, Surrey.*

The BBC's standing

From the Director, Public Affairs, BBC

Sir,—Lombard in the person of Ian Davidson (July 22) has strayed from the authority of his own territory and put forward his views on broadcasting, a territory with which, I suspect he is less familiar. Most of his notions have been dreamt up before and rejected many times for good reason after careful thought by people who have really studied the question. Take his main point—that the BBC should be placed under the Independent Broadcasting Authority, which he says "doesn't do very much now." For 53 years the BBC has been a chartered body with a Board of governors, at once the supreme authority within the BBC and by convention and choice a trustee of the public interest in broadcasting. The IBA is a statutory regulatory body set up to watch over 15 separate companies operating under the Companies Act, and now with the additional task of looking after the fourth channel and independent local radio.

Commercial TV was deliberately set up to compete with the BBC and to exist on a separate financial basis. It could hardly do that if the finances got mixed up together and came under the same authority.

David Webster.
BBC, *Broadcasting House, W1.*

Causes of inflation

From Professor A. Frank

Sir,—Mr. Brittan is permitting himself and his readers to be misled by the Organisation for Economic Co-operation and Development when he writes (July 17) that "oil price increases bring recession" and that the present world recession "is a repeat performance of its 1974-75 predecessor. Like that one, it has been triggered off by a "shock" increase in the oil prices and partly for that reason has been accompanied by a temporary acceleration in the inflation rate."

It is true that this has been the litany of OECD and other propaganda for many years, but OECD's own and all other evidence shows these statements to be false. The OECD graph reproduced by Mr. Brittan clearly shows that the growth rate of GNP began its decline before the "major initial impact of each oil shock" in the first semester of 1973 (more than six months before the first oil shock in October 1973) and at the beginning of 1979 that is long before the sharp oil price increases decreed in December 1979. (According to the OECD benchmark crude oil prices had risen only 14 per cent during 1979 by October compared to about 10 per cent inflation in the lower chart, not to mention the devaluation of the dollar, so that drawing of the shock line in mid 1979 is a bit arbitrarily premature). Thus, OECD facts, which Mr. Brittan seems to make his own, completely belie his claim that oil prices bring or even trigger recession.

Indeed, in the special section at the back of the same Economic Outlook used by Mr. Brittan, OECD finds itself obliged to face up to its own and all other data and to admit that "it seems clear that a substantial slowdown in economic activity was already taking place in the months immediately before the oil price rises in the autumn of 1973. . . . The latest oil price rises also occurred when growth in the OECD area was apparently slowing down."

It is also popular to blame world inflation on the price of oil, and Mr. Brittan unfortunately echoes this propaganda. But the OECD chart he reproduces also shows clearly that the rate of inflation accelerated for a year and a half before the oil shock and declined soon thereafter. (Thus the two major oil price increases not only followed major accelerations of inflation but may themselves have been caused by the inflations as oil producers sought to recoup their losses from inflation and dollar devaluation. With 7 per cent to 15 per cent annual inflation between 1974 and 1979 according to the chart, total losses over the period were certainly much higher than the 10 per cent calculated by OECD and reported by Mr. Brittan.)

Quite properly, both the OECD and Mr. Brittan now emphasise the deflationary consequences of oil prices. The effects of an increase in the price of oil like an increase in VAT are deflationary and not inflationary, because they withdraw purchasing power, but only if the fiscal and monetary authorities do nothing to counteract them. Since 1974 Governments have deliberately reinforced these recessive effects through austerity policies. According to OECD "in recent months discretionary budget changes . . . in the United States and the United Kingdom alone are estimated to reduce the level of OECD area GNP by over ½ per cent below what it otherwise would have been by mid-1981."

In other words all other evidence clearly shows that neither recession nor inflation (let alone their stagflation combination) are caused or even triggered by the price of oil: so that they must be due to other causes. There were recurrent recessions for normal business cycle reasons for a long time before the price or even oil itself rose (two dozen of them in two centuries) and some, like the recent ones, have been aggravated by public policy.

As to inflation, the evidence is that it is not caused by rising prices of oil or of labour (for as the OECD and Mr. Brittan rightly point out and as is confirmed again for the UK by recent Government statistics, real wages have been falling and therefore could hardly be inflationary!). The evidence is that "supply push/shock" inflation, which accelerates precisely at the beginning of recessions, is caused primarily by industries whose monopoly power permits them to defend their profits by increasing prices but reducing production and employment (while the monetarist authorities only permit this real inflationary cause to become operative by concomitantly increasing the supply of money).

Professor Andre Gunder Frank.
*University of East Anglia
School of Development Studies,
Norwich.*

Sales are the key

From Mr. A. Paske,

Sir,—I was interested to read the letter from Mr. Oakeshott (July 19) and his ready-made solution to the difficulties now confronting Fodens.

Unfortunately Mr. Oakeshott falls into the same trap as so many would-be experts. In short, production is not the number one, selling the production is the number one, and this is an art which has never ever received its due in this country. It has always been somewhat shabby to be involved in sales but without sales you can produce and produce as much as you like, nobody buys them, and you are back to square one.

Regrettably workers' co-operatives that I have ever read about have failed to understand that the product must be sold and that is the reason nearly all have collapsed.

A. R. Paske,
*The South Bungalow,
Regal Lodge,
Kentford, Newmarket, Suffolk*

GENERAL

UK: Sir Keith Joseph, Industry Secretary, opens Doncaster's Monks Bridge factory, Bradford.

Mr. James Prior, Employment Secretary, presents awards at Construction Industry Training Board's prize giving, King's Lynn.

Mr. Leon Brittan, Home Office Minister, speaks at Rugeley.

Mr. Norman Fowler, Transport Minister, speaks at Lytham.

Mr. Douglas Hurd, a Foreign Office Minister, speaks at Nottingham.

Mr. Nicholas Ridley, a Foreign Office Minister, speaks at Cockermouth.

Two-day Country Landowners Association Game Fair opens, Worksop.

Today's Events

Metropolitan Police Horse Show, Imber Court (to July 26).

PARLIAMENTARY BUSINESS

House of Commons: Motions on EEC documents on New Zealand butter, and protection of workers from exposure to metallic compounds.

COMPANY MEETINGS

Armitage Shanks, 75 Harborne Road, Birmingham, 12. J. Billam, Royal Victoria Hotel, Sheffield, 12. Capital and Counties Property, St. Andrews House, 40 Broadway, SW, 12. Chamberlain and Hill, Chukery Foundry, Walsall, 12. Crosby Spring Interiors, Fleece Hotel, S. Helens, 11.30. Downs Surgical, Selfridge Hotel, Orchard Street, WC, 12. Giltspur, Mount Royal Hotel, Bryanston Street, WC, 12. Greenhaven Securities, St. Andrews House, 40 Broadway, SW, 10.10. Hawtin, Metropole Hotel, Blackpool, 2.30. Edward Jones, Plascelyo, Bangor Road, Penmaenmawr, 10.30. Leopold Joseph, Brewers Hall, Aldermanbury Square, EC, 12. Portsmouth and Sunderland Newspapers, The Echo, Pennywell Industrial Estate, Sunderland, 12.30. UKO, Winchester House, 100 Old Broad Street, EC, 12. West Bromwich Spring, 75 Harborne Road, Birmingham, 12. Westbrick Products, Rougemont Hotel, Exeter, 12.

Davy falls to £15m but maintains 6.7p payment

AS foreshadowed at midway, there has been a sharp reduction in profits of Davy Corporation for the year ended March 31, 1980. The pre-tax figure is down from £26.13m to £15.94m and net profits are £9.41m compared with £17.16m previously.

The reduced profits together with a higher rate of tax affected earnings per share which are stated as 12.5p against 22.7p. However, the directors are maintaining the total dividend at 6.7p per share with an unchanged final payment of 4.7p.

Sir John Buckley, chairman, says the reasons for the sharp downturn are the same as given in the interim report—the engineering strike and steel strike in the UK affected manufacturing companies, heavy losses on contracts at the U.S. Olsen construction company while profit margins of the UK engineering and construction companies were not fully maintained.

Fortunately the nature and diverse locations of the group's mainstream business leave its profit less vulnerable to inflation, and together with a strong balance sheet and improved cash resources place the group in a good position, Sir John states.

Referring to the merger between Davy and McKee which became effective in November, 1978, the chairman says work has proceeded steadily on the integration of the two companies and is now complete.

An analysis of turnover—£752m (£611m)—and profit shows the UK side of Davy McKee Engineering and Construction contributed £265m (£275m) and £18m (£24.8m) while the U.S., German and other companies contributed £398m (£245m) and £7.3m (£5m).

Engineering and manufacturing companies' contribution was £89m (£91m) and £1.7m (£1.2m) loss.

The outcome for Davy McKee in the U.S. has been encouraging and the forward workload has greatly improved says the chairman. However in the UK, the strong pound, inflation and high interest rates make the winning of export contracts extremely difficult.

Good prospects are indicated for engineering companies in the U.S.

The group's year-end balance sheet shows shareholders' funds at £83.85m (£79.44m), loans £31.09m (£32.3m), overdrafts and short-term loans £7.25m (£4.04m), and bank balances, deposits and bonds £77.34m (£68.67m).

Lex, Back Page

IMPROVEMENT BY UPDOWN INV.

After all charges including tax of £22,908 against £15,171, revenue available to ordinary holders of Updown Investment Co, investment trust, improved from £32,222 to £43,254 for the first half of 1980. Gross income rose by £21,520 to £83,950.

Net asset value per 25p share at the half year was 96.1p (74.2p a year earlier).

The company does not pay interim dividends—last year's single payment was 1.75p net.

Tace rises 8% to £285,000

TAXABLE profits of electronic, electrical and mechanical control equipment maker Tace, *rose 8 per cent*, from £265,000 to £285,000, in the six months to March 31, 1980.

Turnover showed a marked increase to £8.07m (£7.12m) and trading profit before interest charges (up from £202,000 to £282,000) rose by 22 per cent to £568,000 (£467,000).

The directors say that the worsening economic climate has led them to accelerate the development of new products, broaden their customer base at home and seek new export markets.

Higher interest rates on an unchanged level of borrowings, they add, largely offset the increase in trading profits. Maintained stock levels and decreased capital expenditure gave rise to the increased tax charge.

After tax of £144,000 (£57,000) and minorities £10,000 (£18,000) attributable profit was £58,000 lower at £132,000. Retained profit also showed a fall at £70,000 (£130,000).

An interim dividend of 0.85p net is declared, compared with 0.8p. Last time a final of 1.71429p was paid on pre-tax profits of £568,000.

Oil boosts Edinburgh American

INVESTMENT in the oil and gas industry made the biggest contribution to a 10 per cent rise in the net asset value, to 81p a share, of Edinburgh American Assets Trust, during the six months to June 30. At June 30 last year net asset value was 67.5p.

The company says the first half has been a period of considerable volatility in financial markets, particularly North America, its most important area of investment: although the U.S. market rose 7.5 per cent, the decline of the dollar resulted in a fall of 1 per cent in sterling terms.

Given the strategy of concentrating investments in small and medium growth companies, particularly in North America, the board considers the results satisfactory.

Oil and gas investment, accounting for 18 per cent of assets, made the most important contribution to the rise in net asset value. At the end of June 57 per cent of assets were invested in North America, 32 per cent in the UK, and 11 per cent elsewhere.

The rise in U.S. interest rates led to a large increase in borrowing costs and a substantial decline in net income, down to £105,000 against £209,000 in the same period last year. Gross income was £685,000 (£645,000) but interest and expenses took £580,000 (£436,000). Tax took £91,000 (£87,000).

The company expects the second half to bring a dramatic fall in interest rates, so net income will not be significantly different from last year's £522,000. The dividend of 0.7p net per 25p share is expected to be at least maintained.

J. I. Jacobs ahead at half year

ON TURNOVER up £10m at £749m, pre-tax profits of John I. Jacobs and Company, shipowner and shipbroker, advanced from £653,000 to £745,000 in the six months to June 30, 1980. In the last full year, profits were £1.33m.

The interim dividend is raised from 0.6p to 0.7p net and the directors say that although they do not expect the full year's earnings from trading to match those of 1979, they anticipate some improvement in the rate of final dividend. Last year's final was 1.5p.

The first-half surplus includes investment income and interest of £422,000 (£287,000) and a release of £238,000 (£133,000) previously provided for diminution in the value of listed investments, and is struck after interest charges of £50,000 (£6,000).

Tax takes £231,000 (£263,000), and attributable profits were £514,000 (£390,000).

JATEL LOSSES REDUCED

A marginal reduction in pre-tax losses, from £71,851 to £61,860, is reported by Jatel, an investment holding company with Indian tea interests, for 1979.

The after-tax deficit is reduced to £64,860 (£93,984) and the loss per share from 6.2p to 4.28p. There was an extraordinary debit last time of £891,733.

The dividend is maintained at 4p.

HIGHLIGHTS

Davy Corporation has produced some poor results for the year reflecting growing margin pressures. The oil sector has gained another recruit with the coming of **Charterhouse Petroleum**. Lex looks at the prospectus and also analyses the impact on the **Charterhouse Group**. Lex considers the statistics on institutional investment in the quarter which is highlighted by the increase in overseas investments by the pension funds. On the inside pages the losses from **Laurence Scott** come in for comment and the figures from **Mining Supplies** are also considered, the latter has a near 30 per cent stake in Scott and makes no secret of its desires for a full take over. **Automated Security** produced its half time results which are predictably buoyant, but **Negretti and Zambra** whose figures are also commented upon produces less impressive news—the company is in the red and no dividend is being paid. Finally **Cawoods** reports another set of excellent figures though the company does now face tougher going.

Automated Security improves margins

RIGID CONTROL on manpower and expenses has enabled **Automated Security (Holdings)** to increase margins in the six months to May 31, 1980 with the result that pre-tax profits of the security alarm systems group climbed 42 per cent from £620,000 to £878,000, on turnover up 29 per cent to £6.6m.

Second-half turnover is expected to continue at or above the present level. In the last full year turnover reached £11.12m and profits of £1.56m were achieved.

Mr. Thomas Buffett, the chairman, comments that despite the current economic climate the company continued to make steady progress in the first six months.

Modern Alarms, the group's major trading subsidiary, continued its planned investment programme in rental equipment by investing in excess of £1.5m on new rental installations in the period. Rental income in the first half was in excess of £2.5m.

Tax took £53,000 (£44,000) and earnings per 10p share are shown up from 6.52p to 9.21p, or from 5.6p to 8.02p fully diluted. The net interim dividend is lifted to 1p (0.77p) per share, absorbing £123,000 (£103,000)—last year's total was 2p.

In May the company raised £3.1m through a rights issue of 8 per cent convertible unsecured loan stock. Although these funds are being used to reduce gearing at present, in a period of high interest rates, a number of investment opportunities in the electronic security field are being considered.

Mr. Michael Hawker, managing director of Modern Alarms, has been appointed to the board.

● **comment**

Automated could make something between £2m and £2¼m pre-tax this year — a return on net capital employed comfortably over 20 per cent. There may be a recession but it has little effect on companies such as Automated whose rental income tends to keep pace with inflation. If there is any impact it probably amounts to a small slackening in the growth rate of new business. But this means lower capital investment, higher margins and thus a better rate of profits expansion. Following the May rights issue Automated is virtually nil-geared and new investment in rental assets — probably in excess of £3m this year — will be more or less matched by cash flow. A couple of small acquisitions are in the pipeline which should improve regional densities. The share price, up 10p to 310p against a low for the year of 200p, puts the group in a fully-taxed earning multiple of around 25 (in fact very little tax is actually paid) and a notional yield of 1.3 per cent. The rating speaks for itself and it is hard to fault the market's view for the foreseeable future looks likely to be as buoyant as the recent past.

Y. Lovell up 15% at midway

FOR THE half year ended March 31, 1980, taxable profits of **Y. J. Lovell (Holdings)**, construction and timber group, improved by 15 per cent from £815,000 to £939,000, and the directors say that trading in the current six months has been satisfactory so far.

However, with continuing high interest rates and extremely competitive conditions they view the short-term prospects with some caution.

For the whole of last year profits were a record £2.62m and the directors felt that, unforeseen events apart, the group was well set for further growth in 1980.

First-half external turnover amounted to £62.7m, an increase of £15.5m—inter-company sales totalled £3.83m against £2.54m.

Total turnover and profit were split as to: construction and related activities £59.43m (£44m) and £764,000 (£665,000), and timber £7.1m (£5.76m) and £175,000 (£150,000).

The net interim dividend is raised to 2p (1.75p) per 25p share—last year's final payment was 4.25p.

Pritchard: no directorship for Ashcroft

Mr. Michael Ashcroft, who acquired 20.1 per cent of Pritchard Services Group in a "dawn raid" last week, is not to get a board seat on Pritchard "at this stage."

Yesterday, Mr. Peter Pritchard, the chairman, said that his request had been carefully considered but "in the absence of full particulars from Mr. Ashcroft regarding his future intentions, it would be inappropriate to accede to his request."

After his raid last week, Mr. Ashcroft said he would be prepared to buy up to 29 per cent of Pritchard but did not intend at present to make a full bid.

At yesterday's board meeting of Pritchard Mr. Ashcroft gave assurances that if appointed he "would not do anything which would be regarded as provocative." Rather, he wanted to "facilitate the consolidation" of Pritchard's interests with his own cleaning business through Provincial, the laundries group.

In spite of Mr. Ashcroft's assurances, the Pritchard board could not satisfy itself that his appointment would be "in the long-term interests" of the company.

COSTAIN GROUP

Costain Group is forming a Mexican company, to be known as Mapec Sa de CV, which will undertake civil, mechanical, electrical and instrumentation design and construction work for

Of the Mexican shareholding in Mapec, 51 per cent will be held by Medrano y Asociados Construcciones SA and three of its directors. The remainder will be held by Costain

Mining Supplies up £1m and doubles dividend

RECOVERING STRONGLY from a £670,000 slump to £551,000 at midway, caused by the engineering strike, **Mining Supplies** has lifted its full-year taxable profits to £3.31m, compared with £2.27m. The single dividend for the 52 weeks to April 26, 1980, is doubled at 2p net.

Turnover improved from £20.43m to £24.54m. After tax of £1.47m (£714,603), stated earnings per 10p share are 8.2p (6.9p). The dividend absorbs £450,000 (£225,000).

Effective marketing and sales enabled the parent company to expand in existing market areas and substantially increase its export sales, say the directors. Development and research is continuing on a new range of mining equipment *to be launched over five years* beginning in December.

There is expected to be a steady growth in worldwide demand for the new shearer loader which has successfully completed surface trials.

Subsidiary American Longwall Mining Corp. is to begin local manufacture in a new factory which will be completed by the end of September and will also contain a spares facility.

Mechforge has retained its share of the market despite adverse conditions in the material handling industry, and a diversification of the product range has brought some increase in business. A considerable rise in demand for repair services has improved the overall balance of activities.

Mech Construction has stepped up its turnover and profit and the directors are confident it will continue to trade successfully despite more active competition in the depressed construction industry.

Earlier investment in Mech Cast has resulted in the company now realising its full potential. A growth pattern in line with the needs of the parent company is anticipated and production of castings for customers outside the group should increase steadily.

● **comment**

Mining Supplies produced a pre-tax rise of nearly 46 per cent last year, a performance which may help to fuel its confidence about launching a takeover bid for the 70 per cent of Laurence Scott which it does not own. MS's market capitalisation stands at more than £30m against just £5.7m for the latter, of which almost £4m is outside its hands. MS has little gearing to speak of. Turning to last year's profits showing, it is clear that the company had an impressive second half, partly as a result of its increase in export sales and also because of several contract completions. The increasing world interest in coal production should help future prospects as MS develops its shearer business with a number of new orders. Research and development costs may have been partly written off last year, but this did not show up as an exceptional credit in the preliminary report. MS has doubled the total net dividend, yielding just *2.1* per cent at *135p*, up 1p. On stated earnings MS is traded on a multiple of more than 16, which suggests that the market still sees further growth potential.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre sponding div.	Total for year	Total last year
Automated Security ......int.	1	Nov. 14	0.77	—	2
Cardinal Inv. Tst. ......int.	1.65	Sept. 1	1.5	—	4.38†
Cawoods	2.1	Aug. 28	2.23*	3.5	2.77*
Dares Estates ....int.	0.5	Nov. 20	0.45	—	1.13
Davy Corpn.	4.7	Oct. 3	4.7	6.7	6.7
Derby Trust ....int.	8.61	Aug. 31	7.19	—	17.88
Gordon & Gotch	4.5	Oct. 1	2.85	7.5	5.9
John I. Jacobs ......int.	0.7	Oct. 15	0.6	—	2.1
Jatel	4	—	4	4	4
Laurence Scott	0.1	Oct. 1	nil	0.1	2
Y. J. Lovell ....int.	2	Oct. 1	1.5	—	5.75
Mining Supplies	2	Sept. 10	1	2	1
Negretti & Zambra	nil	—	1.93	nil	1.93
Alfred Preedy	2.6	Oct. 1	2.6	3.35	3.35
St. Andrew Trust	2.5	Oct. 1	2.25	§	6.61
Stroud Riley Drummond	nil	—	1	0.5	1.5
Tace ....int.	0.85	Sept. 15	0.8	—	3

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Includes special 0.33p. § Final not less than 3.5p forecast. ¶ Includes 1p non-recurring dividend.

Derby Trust

Available revenue of the Derby Trust came out nearly 20 per cent higher at £254,306, against £212,371, for the half-year ended June 30, 1980, after tax of £136,109, compared with £128,369.

The distribution is equivalent to an interim dividend of 8.613p (7.192p) net per £1 income share—last year's final was 10.627p paid from £526,000.

The directors say that second half income will show a comparable increase—last year that period included substantial non-recurring payments following the ending of dividend limitation.

Assets attributable to capital shareholders amounted to £12.19m against £10.04m; asset value per capital share is given as 475p (391p).

Common Market Trust ahead

PRE-TAX income of Common Market Trust advanced from £697,177 to £868,895 for the year to June 30, 1980. Jersey tax was £173,334 compared with £139,002. Equalisation payments received amounted to £12,422, against £9,287.

The interim dividend is raised from 32p to 39p, but again no final dividend will be paid.

Offer price of participating shares at June 26 was £14.64 (£13.58).

Laurence Scott £1.87m loss despite second-half pick-up

DESPITE A much reduced loss in the second half, from £881,000 to £301,000, Laurence Scott, electrical machinery and control gear manufacturer, suffered a pre-tax loss of £1.87m for the year ended March 31, 1980, compared with £1.35m.

Turnover, up by 6 per cent to £39.26m (£37m), reflects a fall in volume, the directors say, and extremely competitive pricing worldwide.

Output is currently ahead of the same period last year, but they feel the continuing recession suggests that the improved trading trend, evident in the second six months of 1979/80 and the first quarter of the current period, may be slowing.

Loss was incurred after depreciation and plant leasing of £1.09m (£1.06m), interest £843,000 (£432,000) and redundancy payments £69,000 (£375,000), but was before a tax credit of £744,000 compared with £570,000.

The attributable loss came out at £1.13m (£782,000), giving a loss per 25p share of 11.97p (8.26p).

A nominal dividend of 0.1p (2p) net is being paid.

The directors state that second half figures were after incurring a further loss of some £350,000 arising from the national engineering strike, which continued into the early part of that period.

A revaluation of the group's properties revealed a £4.48m surplus.

Liquid funds have increased by £2.1m over the year following the taking of £3m medium term bank loans, the directors explain. Gearing is approximately 27 per cent.

● **comment**

For a company with a reported pre-tax loss of £1.9m, actually 39 per cent higher than last year's loss, Laurence Scott did not attract much criticism in the market yesterday, where shares moved 2p upward to 60p. The reason *for this reception to the* company's news is that an upturn is likely in the current year, after a small loss in the first half. Of last year's deficit, the engineering dispute cost around £1.1m. Beyond this, losses in the control gear and heavy motor businesses cost around £1m together. Laurence Scott is now working to improve its balance sheet with a property revaluation and a shift in borrowings from overdraft to loans. Promising signs this year include more sales to North Sea customers, more defence contract business and more progress payments by major clients. Around the corner, however, the spectre of a bid from Mining Supplies is lurking. This company has nearly 30 per cent of Laurence Scott and has made little secret of its desires. One of the considerations will surely be the net asset value of Laurence Scott, which was yesterday stated at 195p, 3.26 times the current share price. As for the yield, it is hardly worth calculating on the *symbolic* 0.1p paid out as a total net.

SPAIN

July 24	Price %	+ or −
Banco Bilbao	228	+2
Banco Central	246	
Banco Exterior	310	
Banco Hispano	224	
Banco Ind. Cat.	120	
Banco Madrid	141	
Banco Santander	276	
Banco Urquijo	136	−3
Banco Vizcaya	236	
Banco Zaragoza	211	−2
Dragados	86	+2
Espanola Zinc	59	
Fecsa	60.5	−0.2
Gal. Preciados	25	+1
Hidrola	67.2	+1
Iberduero	61.2	
Petroliber	119.5	+2
Petroliber	97	
Sogefisa	107	
Telefonica	62.5	−0.2
Union Elect.	66.2	+0.5

CORAL INDEX: Close 487-492 (+1)

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Charterhouse selling 51% stake in N. Sea offshoot

AT LEAST £26.85m will be raised by Charterhouse Group through the offer for sale of a majority stake in Charterhouse Petroleum (CP), the North Sea oil company with a 2.3 per cent interest in the Thistle Field.

The underwritten offer is being made by tender at a minimum price of 65p per share. Charterhouse will sell 41m shares, representing 51.25 per cent of CP, and is seeking a full Stock Exchange listing for the new company. It will be the first time that a British company with North Sea production and exploration acreage has been floated in London.

Charterhouse is making the offer to its own shareholders, to the employees of CP and to shareholders of Keyser Ullmann Holdings, with which it recently agreed a merger. Charterhouse has already subscribed £28.8m for shares in CP and, in return, has received £8.7m as repayment of inter-company indebtedness.

At the minimum tender price, Charterhouse will therefore receive £6m after expenses, while CP will be left with cash of £20m for future exploration and development. Charterhouse will use its net proceeds initially to reduce indebtedness.

At the minimum offer price, CP is capitalised at £52m. Mr. Philip Ralph, a director of Charterhouse Japhet, said yesterday that this figure could be arrived at by valuing the discounted net cash flow from CP's holding in Thistle at £30m. To this figure is then added the £20m cash and £10m made up of interests in other licences and intangibles such as Seventh Round participation. Deductions of £8m for current liabilities and deferred tax bring the figure back to £52m.

In a weighty offer document, Charterhouse forecasts that CP will make pre-tax profits this year of at least £8.6m, including £1.1m of interest on the £20m cash. This compares with profits last year of £1.58m. Net assets per share are given as 36.6p while the second-half dividend is forecast at 0.5p, producing an annualised yield of 2.4 per cent at the minimum price. On the same basis, the prospective p/e works out to 19.7.

Apart from cash and its Thistle Field interest, CP's assets include a one per cent interest in a field adjacent to Thistle where hydrocarbon accumulations have already been discovered. It also owns an 8.166 per cent interest in two blocks where an exploration well should be drilled later this year and 9.8 per cent of a block which is currently the subject of seismic surveys.

CP will be applying for licences in the forthcoming Seventh Round of North Sea applications through its interest in three consortia operated by Gulf and Burmah. Finally, CP has a 30 per cent interest in Jubilee, another company which will be applying for licences.

CP is currently negotiating an agreement which would enable it to take an 8.5 per cent interest in an existing licence, in return for a 17 per cent contribution to drilling costs on an exploration well.

The company also plans to spread its production interests over more than one field and to reinvest its Thistle cash flow in oil and gas ventures in and around the UK. In addition, it will examine opportunities outside the UK, particularly in North America.

Charterhouse says that it would have preferred to have made the offer to shareholders on a pro rata basis but that this course of action could have resulted in tax disadvantages. Applications will be for a minimum of 100 shares and must be lodged by 10 am on August 7. No tenders will be accepted below the minimum offer price.

Giving its reasons for the offer, Charterhouse says that it believes CP "would benefit from access to alternative sources of finance and the ability to make acquisitions by the issue of its own listed securities." Charterhouse itself intends to maintain "a substantial minority interest" in the company.

The offer is being underwritten by Grieveson, Grant and CP's advisers are Charterhouse Japhet.

Lex, Back Page

Negretti suffers £0.4m loss despite late rally

ALTHOUGH the expected improvement in second half trading was realised, Negretti and Zambra, industrial and aviation instrument maker, plunged heavily into the red in the year to March 31, 1980. A pre-tax loss of £407,868 is reported compared with profits of £106,642 in the previous year. Turnover moved ahead from £11.28m to £11.34m.

No dividend is being paid against 1.92679p last time.

Mr. Bob Ford, chairman, who had forecast an improved second half performance in his interim report, says the period showed a trading profit of £235,849, compared with a loss of £237,680 in the first half.

This improvement was due to a better business basis and a reduction in costs resulting from product rationalisation and the disposals of certain of the group's assets.

Reorganisation and redundancy costs at Aylesbury and Willesden accounted for £911,897 of the £1.12m extraordinary debits, and stock write-off less unrequired provisions cost £200,777. A former director received an ex-gratia payment of £34,000. In the previous year extraordinary debits accounted for £64,248.

After tax considerably higher at £137,370 (£8,852) there was an attributable loss of £1.66m (£55,755 profit). There is a stated loss per 25p share of 28p (earnings 3p). The book worth of an ordinary share is down from 104.5p to 83.4p.

Negretti and Zambra (Aviation) now accounts for approximately half of the group's turnover. This division had an excellent year and again achieved record sales and profits. Exploitation of the broadened product base continues both at home and overseas, with increasing market penetration into all continents.

The Board abandoned its rationalisation plans in the industrial division because of the difficult environment that existed, especially after the engineers' strike and a fire which destroyed the group's electronic assembly area in July. The traditional instrument business and the related photo-medical business have been sold.

The industrial division, now Negretti Automation, has consolidated its reduced workforce into a single building on the Aylesbury site.

The electrical subsidiary, Sepkarn, had a poor year, says Mr. Ford, but following management and other changes it has now met its budget and improved its order book in the first quarter of the current year.

Mr. Ford, looking ahead, says it is difficult to be optimistic. So far this year the group is on budget, although this predicts a loss at the half-year stage. He expects to see a marked improvement in performance in the second half.

● comment

Like a balloonist losing altitude, Negretti and Zambra is jettisoning ballast in the hope that microprocessors will lift it to new heights later in the decade. Interest charges have wiped out the second half trading profit and gearing has shot up to 87 per cent, so the need for asset disposals has become urgent. The traditional industrial instrument business has already gone and a leasehold site will soon be disposed of but further surgery may be necessary. The Sepkarn electrical business lost £186,000 last year but Negretti is still hoping that new management will put it right. If that proves to be the case, and microprocessor orders continue to build up, Negretti may still bring smiles to the faces of its NEB backers. Yet the shares, at 38p, are now around half the price at which the NEB bought them two years ago and last year's huge attributable loss has helped to knock 49 per cent off their net asset backing, so there is a lot of ground to make up.

Cardinal Trust moves ahead

For the first six months of 1980, revenue of the Cardinal Investment Trust moved up from £483,291 to £619,848, subject to tax of £231,470 against £186,501.

Earnings per 25p deferred share expanded from 2.04p to 2.69p and the interim dividend is raised by 0.15p net to 1.65p —payments last year totalled 4.38p including a special 0.33p, and pre-tax revenue was £1.06m.

Net asset value increased to 164.5p (125.6p) per deferred share.

Gordon & Gotch profits up 45%

TAXABLE PROFITS of Gordon and Gotch Holdings, magazine and book exporter and computer bureau operator, rose in line with the midway forecast to £1.23m for the year ended March 31, 1980, a 45 per cent increase on the previous year's surplus of £832,569.

At the interim stage, when there were pre-tax profits of £612,000, Sir Anthony Percival, the chairman, confidently expected that the second half result would be similar.

The final dividend, also forecast at mid-year, is 4.5p, lifting the total from 5.896p to 7.5p net.

For the current year, the board says it expects to continue its policy of paying increased dividends based on secure profits.

In the first three months, contributions from computer bureaux, air freight and overseas investments are ahead of budget, but the publications exporting side and the related seafreight container groupage business have suffered from the journalists' dispute at IPC in May and June.

All publishing activities continue to be hurt by high interest and exchange rates, overpriced magazines and rising fuel costs, say the directors. Together, these factors have caused the first quarter figures to lag some 22 per cent behind those of 1979.

Sales, excluding associates' turnover, went ahead from £28.1m to £30.91m. The surplus, which includes the share of associates' profits, is subject to tax of £595,512 (£437,799). After minorities of £6,474 (£6,423), attributable profit is up from £388,347 to £631,321, and stated earnings per share from 8.5p to 13.81p.

Dividends absorb £342,790 (£269,479).

Quoted investments, properties, current assets and short-term deposits approach £5m, or 105p per share, say the directors, and are sufficient by themselves to support future dividend levels.

Dares down £89,000 but pays more

A FALL in pre-tax profits from £164,000 to £75,000 is reported by Dares Estates, builder and property holder, for the first half to June 30. Stated earnings per 10p share are 0.63p against 1.83p.

After an extraordinary credit of £130,000 (£103,000) earnings are 1.73p (2.98p).

The company says profits have been reduced by high interest rates and the scarcity of mortgages. It anticipates that there will be no liability for tax.

While trading conditions remain difficult the board is confident that the group, particularly with the proposed acquisition of Stanhope General Investment Company, is well-placed to take advantage of any upturn in the business climate. The interim dividend is lifted to 0.5p (0.45p). Last year a total of 1.13p was paid.

Oil shares offered to Scottish fishermen

The Fishermen's Petroleum Company is offering Scottish fishermen the opportunity to participate in North Sea oil exploration through an offer for sale of 600,000 shares at £1 each.

The offer, which is not being underwritten, is open only to individuals or companies involved in the Scottish fishing industry.

If successful, it will enable the company to take a stake of up to 4 per cent in a consortium which plans to apply for one or more licences in the Seventh Round of North Sea licencing.

Kerr-McGee (UK) will act as operator for the consortium and will also take a 45 per cent interest. The remaining 55 per cent will be held by UK companies.

The company says that, if it succeeds in obtaining a licence, it will seek consent for its shares to be traded under Stock Exchange Rule 163 (3). It is hoped that dealings could commence at the beginning of 1981. If no blocks are offered to the consortium, or "if the terms should unexpectedly prove not acceptable," the company will return subscribed funds to applicants, together with accrued interest.

The offer is being made on a partly-paid basis, with 50p payable on application and the remainder on allotment. The directors say that £600,000 would enable it to take a 4 per cent stake in the consortium, though the authorised capital has been set at £2m, since more money would be required after the initial exploration stage.

The company may have to part with a share of its licence interest in order to raise money, but would also consider a rights issue, a public offering or a private placement.

The offer will proceed if a minimum of 167,998 shares are applied for. In the event of over-subscription, a further prospectus may be issued to raise additional finance.

Giving reasons for the offer, the directors say that "fishermen should have their own company through which they can participate on a ground-floor basis in petroleum exploration. The company will be owned and largely managed by fishermen using expert technical advice where required."

Applications, for multiples of 50 shares, close at 3 pm on August 7. Kerr-McGee will meet all the initial expenses of the offer.

Higher borrowing costs leave A. Preedy lower

FOLLOWING an increase of [illegible]000 to £642,000 in net borrowing costs, taxable profits of A. Preedy and Sons fell in the 12 months to March 29, 1980, to [illegible]1,000, compared with £1.24m in the previous 53 weeks.

At midway the group, whose interests include wholesale and retail distribution of tobacco, confectionery and fancy goods as well as selling newspapers, books, stationery, toys and cards, reported a loss before tax of £184,000, compared with a profit of £160,000.

But the directors said that the company was experiencing an increase in sales of non-tobacco goods and they foreshadowed profits returning to more normal levels in the second half year.

Turnover for the year increased from £64.33m to [illegible]m and operating profit rose to £1.51m (£1.4m).

Tax charged fell from £109,000 to £75,000 leaving earnings per 25p share of 8.77p (13.7p).

A new employers' share scheme is planned and an initial provision of £28,000 has been made against profits.

After minorities, profit attributable shows a marked fall from £1.12m to £767,000.

A revaluation of the group's properties has resulted in a surplus of £2.19m, which has been credited to reserves, and a surplus on the sale of freehold properties amounted to £145,000 (£142,000).

A final dividend of 2.6p leaves the total unchanged at 3.35p net.

The results include those of Midland Educational, acquired last year, which earned taxable profits of £403,000 on sales of £9.45m.

Half-Yearly Statement

London and Manchester Assurance Group

The Group's premium income and new business figures for the half-year ended 30 June 1980 were as follows (the corresponding figures for the six months to 30 June 1979 are shown in brackets):

1 PREMIUM INCOME

London and Manchester Assurance

	£000's	£000's
Ordinary Branch		
Premium Income and Annuity Considerations	7,754	(6,974)
Investment Trust Retirement Annuities: Single Premiums	32	(32)
Industrial Branch		
Premium Income	11,039	(8,651)*
General Branch		
Premium Income	2,589	(2,056)
All risks of the General Branch are wholly reinsurance		
Welfare Insurance		
Ordinary Branch		
Premium Income and Annuity Considerations	7,792	(6,352)

*This amount includes Life Assurance Premium Relief received only from 5 April 1979.

2 NEW BUSINESS FIGURES

Annual Premiums	6,358	5,238
Single Premiums	1,137	817
together providing sums assured of	173,665	167,817

The new business figures are net of reassurances.

All Annual Premium figures shown are gross of LAPR, where appropriate.

It is emphasised that the new business figures at the half-year do not necessarily provide a reliable guide to those for the full year.

London and Manchester Assurance Company Limited

APPOINTMENTS

LEGAL NOTICES

IN THE MATTER OF
ANGLESEA SHELLFISH LIMITED
AND IN THE MATTER OF
THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the Creditors of the above named Company, which is being voluntarily wound up, are required, on or before the 18th day of August, 1980 to send in their full Christian and Surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any) to the undersigned LAURENCE JACK GERRARD F.C.A., Chartered Accountant, of Adam House, 14, New Burlington Street, London, W1X 2BU the (Joint) Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.
Dated this 18th day of July, 1980.
LAURENCE JACK GERRARD, Liquidator.

IN THE MATTER OF
SPIRIT GIFTS (MANUFACTURERS) LIMITED
AND IN THE MATTER OF
THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 15th day of September, 1980, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned BRIAN MILLS, of 1 Wardrobe Place, Carter Lane, London EC4V 5AJ, the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.
Dated this 21st day of July 1980.
BRIAN MILLS, Liquidator

PUBLIC NOTICES

EAST SUSSEX COUNTY COUNCIL
£4m Bills issued on 23rd July 1980. Due 22nd October 1980 at a rate of 14 31.64ths. Applications totalled £46m. Total outstanding £10m.

FIFE REGIONAL COUNCIL
£2m Bills issued on 23rd July 1980 Due 22nd October 1980 at a rate of 14%. Applications totalled £16m. Total Outstanding £2m.

BERKSHIRE COUNTY COUNCIL BILLS
£15m due 23.10.80. Issued 24.7.80. Average £95.38 £122m applications. £25m outstanding.

MINING NEWS

Amax has good second quarter

BY KENNETH MARSTON, MINING EDITOR

SECOND quarter results now coming in from the major North American natural resource groups for the most part tell a story of earnings higher than those of a year ago, but lower than those of the buoyant first quarter of this year when metal prices were still riding high.

Even so, the combined earnings for the first two quarters of this year still make a good showing and allow for some further falling off in line with the world recession in the current half-year.

America's Amax has done notably well in the past quarter, as recently foreshadowed in this column. Earnings come out at a net $141.2m (£59m) equal to $2.22 per share on the capital increased by the issue of 5.4m shares in April for the acquisition of the remaining 63 per cent of Rosario Resources and for preferred stock conversions.

Earnings for the first half of this year are brought to $281.5m, or $4.66 per share, compared with $167.6m in the first half of 1979 when the year's total reached a record $365.4m.

Mr. Pierre Gousseland, chairman of Amax, commented that the latest first half results were "attributable to strong earnings from diversified operations and our ongoing capital investment programme which has provided the company with new and modern plant and equipment." They also benefited from the inclusion of results from Rosario.

He added that Amax sales for the first half of this year rose to $1.6bn from $1.3bn in the same period of 1979 mainly as a result of higher molybdenum, coal and copper deliveries. Thanks to continuing high income from moly and the oil and gas interests, Amax still hopes to achieve a new earnings record this year, but matters are not being helped at the moment by the U.S. copper workers strike.

But declining Inco to cut production

THE WORLD'S major nickel producer, Canada's Inco, has suffered a sharp reversal in the second quarter and with unsold nickel stocks now up to 104m lbs again — the same level as a year ago — the group says that "steps have been taken and others are under consideration to reduce production in accordance with the company's policy to maintain a prudent balance between production and deliveries.

Second quarter earnings have fallen to U.S.$46.1m (£19.4m), or 53 cents per share, from the record $97.5m in the first quarter. The resulting first-half 1980 total of $143.6m goes against only $16.6m in the same period of last year.

But during the major part of the latter period Inco's earnings were hit by the long strike which halted production of copper and nickel at the company's important Sudbury, Ontario, operations.

However, Inco is maintaining its latest quarterly dividend at the increased rate of 18 cents which was set in the first quarter of this year following the previous payment of 15 cents.

Lower earnings in the past quarter reflected reduced sales of both nickel and copper and lower prices for the latter metal. In addition, the weak U.S. dollar made for currency exchange losses while the Inco Electro-Energy battery and electric motor division suffered an operating loss in line with the contraction in the U.S. automobile market.

Increased losses of $22m were sustained at the Indonesian and Guatemalan nickel operations. Inco's total deliveries of nickel in the past quarter fell to 87m lbs, making a half-year total of 200m lbs. The lower sales in the past quarter partly reflected consumers drawing upon their own stocks.

Renison plans scrip issue

THE TASMANIAN tin producer Renison, part of the Consolidated Gold Fields group, plans a capital reconstruction after boosting profits and dividends for the year to June 30. Net profits rose by 13 per cent to A$25.7m (£12.9m) from A$22.7m, and the dividend is being raised to A$1.35 a share from A$1.20, reports James Forth in Sydney.

The directors plan to split the shares on the basis of two shares for every one held. A scrip issue will then be made on the basis of three new shares for every 20 held. A holder of 100 shares at present will therefore end up with 230 shares.

Renison expects to pay dividends of at least 50 cents a share on the new capital structure.

Industrial trouble in the final quarter resulted in lower tin output for the year, but this was more than offset by buoyant tin prices.

Cominco turndown

Canada's Cominco reports second-quarter earnings of C$34.5m (£12.6m) which makes a total for the first half of this year of $94.6m, or $5.30 per share, compared with $93.9m in the first half of 1979, reports John Soganich from Toronto.

Mr. M. Norman Anderson, the chairman, says that "base metal markets which peaked in mid-1979 softened earlier this year as a result of the downturn in the level of economic activity, particularly in the U.S."

Demand for refined lead and zinc has fallen, but the market for lead and zinc concentrates remains firm. World stocks of the two metals, including those of Cominco, are considered to be at lower levels, and because of this it is thought that weak market conditions will not be prolonged for the producers.

Meanwhile, demand for the group's gold and silver is expected to remain firm and higher prices have been obtained for the chemicals and fertiliser. Cominco's C$150m Polaris zinc-lead project in the Arctic (90 miles from the North Pole) is proceeding on schedule towards production in 1982, and work has started to increase potash production in Saskatchewan.

Of other Canadian results, Corporation Falconbridge Copper (formerly Falconbridge Copper) has lifted profits for the first half of this year to C$17.1m from C$15.7m in the same period of 1979.

The better performance has reflected higher copper, gold and silver prices, although these have been offset to some extent by reduced production of copper and zinc. Investment income increased, and higher interest rates also contributed to the better earnings.

Canada Tungsten Mining has more than doubled first-half 1980 income to C$12.7m, or C$2.55 per share, from C$5.8m. But the lead-zinc-silver producer, Cyprus Anvil, has had a poor second quarter. Earnings have dropped to C$3.3m, bringing the half-year total to C$12m from C$24.6m a year ago, owing to lower production and reduced metal prices.

ROUND-UP

An increased interim of 9 cents (4.4p) is declared by Utah Mining Australia which holds 10.8 per cent of the U.S. Utah Development, the biggest coal producer in Australia. Last year UMA paid an interim of 8 cents followed by a final of also 8 cents.

* * *

York Resources' takeover of the Toronto-based Copconda Resources Inc involves a new Canadian company. Copconda York Inc issuing two "B" class shares for each Copconda Resources and not one share as reported by the company's agency yesterday.

* * *

America's Fluor Corporation says it has been selected by Shell Oil to construct a coal processing and shipping facility at the latter's Buckskin mine near Gillette in Wyoming. The value of the contract was not disclosed.

Expansion at Great Portland

In his annual review, Mr. Basil Samuel, chairman of Great Portland Estates, is optimistic that the rent roll for the current year will approach or even exceed £12m. Last year's rent roll exceeded £10m for the first time.

On future developments, the chairman says that with high interest rates, it is the board's view that this is not a prudent time to be heavily involved in speculative activity.

As a result, the next year or so is unlikely to see the group developing or refurbishing on a large scale, but the directors are still active in seeking opportunities to continue the policy of rebuilding the portfolio when possible, the chairman says.

The board has already submitted planning applications for some 175,000 square feet in the City and West End and a further 75,000 square feet are in the pipeline.

As reported on June 11 with a one-for-four scrip issue, revenue before tax for the year to March 31, 1980 increased from £6.09m to £7.69m. The dividend is effectively lifted to 5p (3.33p) and a maintained dividend is forecast for the current year.

As at balance date, net assets employed stood at £196.15m (£189.2m) and total shareholders' funds were £178.33m (£171.37m). Meeting, Cafe Royal, W., September 2 at noon.

IN BRIEF

CASTINGS (malleable ironfounder)—Results for year to March 31, 1980, already known. Shareholders' funds £2.47m (£2.13m); bank overdraft £488,547 (nil). Chairman says a marked deterioration was seen at the beginning of May with a decrease in orders and schedules, and this has proved to be a falling off in trade generally, both at home and abroad. Although company faces a difficult year, it is well equipped to meet both the demands of the future and competition from home and abroad.

H. P. BULMER HOLDINGS (cider, pectin, wines and spirits)—Results for year ended April 25, 1980 reported July 10 in full preliminary statement. On CCA basis, pre-tax profits £2.47m (£1.92m) compared with historical £3.28m (£2.57m). Total shareholders' funds £24.25m (£22.59m). Bank overdrafts and loans £11.07m (£7.25m). Long-term loans £388,000 (£413,000). Meeting, Hereford, September 4, 2.30 pm.

BIDS AND DEALS

Bell Grp. seeks Panel approval

Bell Group of Australia is now seeking the approval of the Takeover Panel for its partial bid for Rolls-Royce Motors Holdings and has also appointed Barclays Merchant Bank as its financial advisers.

This follows the panel statement on Wednesday that Bell has announced its 85p a share offer without the Panel's prior approval. Vickers has already made an agreed £38m bid worth around 70p a share for the whole of Rolls-Royce Motors.

Bell, whose interests span transport, television and newspapers, already owns 3.9 per cent of the company and is now bidding for a further 21.1 per cent "as a long-term investment in Rolls-Royce."

Bell's bid is subject to the Vickers offer not going through and has already been rejected by Rolls-Royce. Bell also needs the agreement of Rolls-Royce to allow it to become a shareholder under the discretionary provisions in its articles relating to foreign ownership.

Bell said in a statement made through its new advisers that it sought less than a controlling interest so that Rolls-Royce could remain British "in nature and control," maintain its existing traditions, and ensure the continuation of its name.

The panel's earlier statement said Bell's initial bid announcement left out material information needed under the Takeover Code. Yesterday Bell said that it had enough money to make its bid and had the formal agreement of the Reserve Bank of Australia.

KIO-HAY'S WHARF UNCONDITIONAL

The Kuwait Investment Office offer for the ordinary shares of Hay's Wharf has become unconditional.

KIO held 7.02m shares before the announcement of offers and has purchased a further 3.83m shares in the market bringing its total holding to 10.85m shares (50.5 per cent).

The formal offer document will be posted next week.

DCM TOYS

A consortium including County Bank, Industrial and Commercial Finance Corporation, Mr. Richard J. Beecham and international interests has acquired from the Dunbee-Combex-Marx group receivers the businesses of Pedigree Dolls and Toys, Combex and Burbank Toys, for an undisclosed sum. They will be formed into a new company, Tamwade.

CHARTERHOUSE/KEYSER ULLMANN

The offers by Charterhouse Japhet on behalf of the Charterhouse Group for Keyser Ullmann Holdings have been declared unconditional in all respects and remain open for acceptance until further notice.

Acceptances of the offers have been received in respect of 46.88m KUH ordinary shares (91.2 per cent) and 75,280 KUH preference (75.3 per cent).

Charterhouse will, in due course, exercise powers to acquire compulsorily any outstanding KUH ordinary shares.

'Unwelcomed' approach for Higgs & Hill

Higgs and Hill, the building group, has had an "unacceptable" bid approach from a UK company, but talks are still going on in an attempt to design an acceptable set of proposals, the company said yesterday.

So far the approach has not been formulated in terms of an official offer and the Higgs and Hill board is not making the unnamed suitor's task any easier by claiming its approach is "unwelcome."

Meanwhile, holders of the convertible loan stock are reminded that the last day for exercising their conversion rights is July 31. They should not let the date pass, the board warns, as any future bidder need not be bound to make an offer to loan stock holders based on their existing conversion rights.

In the market Higgs and Hill's shares rose 24½p to 92p. Apart from Prudential Assurance, which owns 6.2 per cent, the board knows of no significant outside interest in the company.

GREYCOAT'S £1.2M PROPERTY DEAL

Greycoat Estates says contracts have been exchanged for the acquisition from Forte and Co., Legal and General Assurance Society and First Palace Securities of their respective interests in 193-207 (odd) Victoria Street, London.

The property, which is fully let, has an overall frontage to Victoria Street of about 163 feet, with shops on the ground and basement floors, and four floors above, predominantly used as offices.

The property offers future prospects of modernisation or long-term development.

The consideration payable by Greycoat amounts to £1.22m and will be satisfied upon completion by the allotment to the vendors of £874,890 Greycoat new ordinary of 10p each.

All of the new shares to be allotted to the vendors have been placed conditionally by Rowe and Pitman.

COMPANY NOTICES

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Cawoods jumps 42% to top £13m for year

FROM TURNOVER up 31 per cent to £309.62m, profits before tax of Cawoods Holdings rose 42 per cent from £9.45m to £13.4m in the year ended March 31, 1980.

With profits in the first six months showing an increase from £3.54m to £5.4m, the directors said the second half had started well and record results were expected for the year.

Earnings per share at the year-end are up from 11.71p to 21.15p and a final dividend of 2.1p effectively lifts the total from 2.773p to 3.5p.

The group has changed its accounting policy for deferred tax so that provision is made for only that amount of tax which is expected to become payable in the near future. Comparative figures have been adjusted.

The group's interests comprise fuel distribution, builders' supplies, road materials, refractories, shipping services and packaging.

● comment

After another excellent performance in 1979-80, Cawoods now faces rather harder going. Inflation will have rather less of an impact on its figures than it did last year, when a 42 per cent rise in historic cost profits before tax was reduced to a gain of under a quarter on a current cost basis. Margins are coming under pressure in areas like oil products and refractories, and Cawoods is having to fight hard for an increased share of a smaller market for aggregates. Against this, the company retains an extremely strong balance sheet: it still has cash in the bank after an investment of some £7m in leasing equipment last year. And although the yield is only 2.4 per cent at 208p, the fact is that around half the current market capitalisation is covered by the shareholding in LSMO, which is not yet producing income. And Cawoods has formidable dividend paying power, with a current cost cover of 2.5 after a full tax charge.

Gas venture by National Carbonising

Shareholders of the National Carbonising Company, which is changing its name to NCC Energy, were told at yesterday's annual meeting of a planned investment of £200,000 in a new company, Energy Sources (Northern Ireland), which is committed to exploring for gas an area around Rathlin Island, under an exploration licence.

Mr. Graham Ferguson Lacey, chairman, told the meeting that preliminary geophysical surveys had encouraged the company to take 26.7 per cent of the Northern Bank Development Corporation's placing of 7.5m 10p shares.

Mr. Ferguson Lacey added that preliminary negotiations were taking place on obtaining control of an operating energy company, which would be self-financing.

The board is also involved in negotiations in Australia and Hong Kong which may lead to the acquisition of effective control of a quoted company in both countries.

Sceptre completes shares sale

Sceptre Resources, independent Canadian oil exploration company, has completed the C$30m sale of 1.2m 7 per cent series 'A' convertible preferred shares, the net proceeds after underwriting commissions and expenses amounting to $28.72m.

Some $1.75m will be applied to the partial redemption of preferred shares issued by subsidiaries, and the balance will be added to the company's working capital to be used for anticipated capital expenditures.

The directors forecast these to be $21m for the nine months to December 31, 1980, and $22m during the 1981 calendar year, compared with $9.7m during the March 31, 1980, year.

Sceptre has a 45.4 per cent interest in Candecca Resources.

S. Gibbons Board further strengthened

Mr. Howard Fraser, who became deputy chairman of Letraset following the resignation in February of Mr. Jerry Waters, is now himself "relinquishing" the position.

An announcement by the company yesterday said that he intends to devote himself more to his executive responsibilities as chairman of Stanley Gibbons International, the specialist stamp group taken over by Letraset some 18 months ago.

The move represents further strengthening of the Gibbons board. In March, Mr. Dennis McDonald became a director and replaced Mr. Waters as chief operating officer and also went on the parent board. Mr. McDonald was previously with McKinsey and Company, the management consultants.

Mr. Fraser will remain on the main board of Letraset but his position as deputy chairman will now be filled by Mr. Robert Calman, the American director.

Letraset's preliminary figures for the year to April normally appear at the end of July. Pre-tax profits for the six months to October increased from £5.2m to £6.3m. Gibbons contributed £1.4m at the operating profit level.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: A C Cars, Concord Rotaflex, Howard Machinery, Midland Bank, Plastic Constructions.

Finals: John Brown, Burt Boulton, Elbief, Gresham House Estate, Harold Ingram, A. Monk, R.F.D., William Sommerville, Stirling Knitting, F. H. Tomkins.

FUTURE DATES

Interims—	
Aaronson Bros.	Aug. 6
River and Mercantile Trust	July 31
River Plate and General Investment Trust	July 31
Smallshaw (R.) (Knitwear)	Aug. 6
Transport Development	Aug 11
Finals—	
A.A.H.	Aug. 4
Balhaven Brewery	July 29
Blackman and Conrad	July 30
Cray Electronics	Aug. 1
Gresham Investment Trust	July 28
Jacksons Bourne End	Aug. 4
Longton Industrial	Aug. 7
Rosgill	Aug. 12
Smith (David S.)	Aug. 7
Wyatt (Woodrow)	July 28

Hunt Chemical income falls at six months

Pre-tax income of Philip A. Hunt Chemical Corporation, 63.5 per cent owned subsidiary of Turner and Newall, was down from U.S.$3.77m to $3.2m for the second quarter of 1980 to leave the figure for the first half of the year behind at $6.07m, compared with $7.23m.

Sales totalled $55.09m ($52.33m) for the six months and after tax of $2.54m ($3.36m) earnings per share are shown as 62 cents against 68 cents.

Operating profit for the second quarter, of $2.72m against $3.68m, was adversely affected by high manufacturing costs resulting from start-up of new processes at Berea, Ohio, and St. Niklaas, Belgium, along with the continuing increase in general operating expenses, the directors state—operating income for the half year was $5.83m ($7.35m).

Bullough down £0.36m and lower second half seen

AS FOREWARNED in January, first-half 1979-80 profits of Bullough, the engineering group, came out lower than in the same period of the previous year. Profits, before tax, fell from £2.78m to £2.42m for the six months to April 30 and it is anticipated that the second-half figure will be down on that now reported. A record £5.4m was achieved in the last full year.

Since April, most group companies have been experiencing the further general decline in demand for manufactured goods and the severity of the recession has been greater than expected, the directors explain.

In the first half most group companies achieved satisfactory results, but two exceptions which reduced profits by nearly £275,000 were Midland Electro Plating and Druce Group.

Midland Electro has been sold since April 30 due to falling demand and its previous profit performance. Druce is, for the time being, concentrating on its prestige furnishing operation and has closed down its activities in the manufacture and sale of KD contract furniture, which had become extremely depressed and unprofitable.

These actions will remove two major drains on profitability, the directors state.

Bredon Hydraulics, a small subsidiary, was sold in April to the JCB Group since it was recognised that progress to sustained profitability would be more quickly achieved within an organisation with international outlets to the construction industry.

The interim dividend is being maintained at 4.2p net per 20p share—last year's final was 6.55p.

Turnover for the six months improved from £23.77m to £25.28m. Tax charge was £0.9m (£1.09m) and after an extraordinary debit of £42,000 last time, attributable profits emerged at £1.52m, compared with £1.65m. Dividends again absorb £367,000.

St. Andrew revenue rise at halfway

After tax of £225,395, against £182,213, net revenue of St. Andrew Trust, investment concern, came out ahead from £322,744 to £408,675 for the half year ended June 30, 1980.

Earnings per 25p share are shown as 3.46p, compared with 2.71p, and the net interim dividend is increased to 2.5p (2.25p). The Board intends to recommend a final of not less than 3.5p (3.35p)—last year there was also a 1p non-recurring payment, the total dividend being paid from revenue of £830,000.

Downturn at Stroud Riley Drummond

AFTER seeing pre-tax profits down at halfway from £222,000 to £115,000, Stroud Riley Drummond, spinner and textile manufacturer, fell into a loss of £62,000 for the year to March 31, 1980. After an unchanged interim of 0.5p, the final dividend is omitted. Last year a net total of 1.5p was paid on profits of £406,000.

Turnover for the year was down to £7.31m (£7.9m). Depreciation accounted for £175,000 (£155,000). There was a tax charge of £132,000 (£180,000).

CHARTERHALL

In response to the rights issue of 6,986,336 shares by Charterhall, acceptances were received in the UK and Australia for 6,253,137 shares (89.5 per cent). The balance of 733,199 new shares have been placed by the company's brokers, Carr Sebag and Co.

REPORTS TO MEETINGS

Sluggish demand in UK for Metal Box

MR. D. J. ALLPORT, chairman and chief executive, of Metal Box told yesterday's AGM that at home the year had begun disappointingly.

There were a number of obvious reasons. The aftermath of the steel strike badly affected the figures for April and part of May. Subsequently, the extremely poor summer weather had depressed the sales of beer and soft drinks. Destocking which was taking place throughout the economy was also playing its part, and had particularly affected the group's central heating business.

All in all the picture was one of sluggish demand and the immediate outlook in the UK was uncertain.

Overseas sales and profit to date were ahead of last year and were in line with forecast. At this juncture he could see no reason to suppose that forecasts for overseas operations would not be met.

At other AGMs, chairmen reported as follows:

Prospects in the current year were "more satisfactory than last year" according to Mr. Roland Shaw, chairman of Premier Consolidated Oilfields, the oil exploration company.

Mr. Shaw added that given last year's after tax loss of £175,000, an improvement for Premier "doesn't mean that much." But finance director Rupert Lascelles indicated he thought Premier would make a small after-tax profit this year.

The chairman said a second well would be spudded in August in the Monument Creek area in Utah. Commenting on Premier's participation in Seventh Round bidding consortia, he stated the total cost of drilling a well in the North Sea amounted to $7m, of which Premier would pay a fraction.

He also told holders not to focus on any single drilling project. "One of the big mistakes being made in the City of London," he said, "is the placing of a value on oil companies on the basis of just one well, be it good or bad."

At Beechwood Construction, Mr. John Downing said that, despite difficulties, group prospects for the eighties were encouraging.

He warned that the group would face difficult trading conditions in the next few months. Civil engineering order books were re[illegible]ably full until the autumn but these companies would have increasing difficulties obtaining the right kind of work at economic prices.

The well drilling companies had satisfactory order books but here also margins remained under pressure. Profit expectations from the mechanical engineering companies had been modified as a result of fewer orders.

The chairman of Readicut International, Mr. Paul Croset, reported that during the first quarter to June 30 the fall in orders and deliveries had quickened. Due to the increase in all costs and the strength of sterling, the competitiveness of group products overseas had continued to fall, making profitable exports very difficult, particularly for subsidiaries supplying floorcoverings, fibres and furnishing fabrics.

Rationalisation was under way throughout the group. At some locations this had entailed a reduction in work forces and by the end of September this was likely to have involved some 730 people.

Mr. Croset said he would be surprised if there was much upturn in demand before the autumn of 1981.

Gas appliance sales were showing some signs of revival, reported Mr. Michael Montague of Valor, one of the leading manufacturers. Contraction in demand appeared to have bottomed out, he added.

Because of the sales pick up Valor employees at Birmingham would return from a three-day to a five-day week after the summer holidays. And at Liverpool the workforce there would increase its working week from three to four days.

In a statement on long-term policy Mr. Montague said Valor had decided it wise to commit a modest proportion of cash flow to energy exploration and immediate revenue earning oil investment.

"We are pursuing several possibilities in the U.S. and UK, where we have joined experienced consortia who are applying for Seventh Round licences," he stated.

Mr. T. F. Honess, chairman of Butterfield Harvey, expected current year results to exceed those of last year.

First quarter sales were marginally up on last year which implied a reduction in real terms. In the second quarter, however, turnover should exceed the corresponding period, which was affected by the national engineering dispute.

Members of Braby Leslie were told by Mr. John S. C. Chandler that the year would be a difficult one for the industry. However, the wide spread of group activities ensured it would be among the early beneficiaries when an economic upturn occurs.

Meanwhile, the group enjoyed a financial position which would enable it to ride out present pressures.

Mr. M. G. Falcon, chairman of Pauls and Whites said trading conditions in the first quarter of the current year had been even more difficult than 12 months ago. Nevertheless, investments in new plants and modernisation enabled the group to continue to improve its service to customers at highly competitive prices and to further develop its business in the animal feed and malting sectors.

Compared with earlier occasions Furness Withy's annual general meeting—its last as a public company—was very poorly attended. No questions were asked, the three new directors, Mr. C. H. Tung, Mr. C. C. Tung and Mr. Morley L. Cho, were all unanimously re-elected, and Mr. Brian Shaw, the chairman, ended the proceedings by proposing a vote of thanks to the shareholders. "This company has been very well served by its shareholders," said Mr. Shaw.

He said that a notice compulsorily acquiring the few remaining share would be sent out early next month and by September Furness Withy should be completely owned by the Hong Kong based, C. Y. Tung group.

NORTH AMERICAN NEWS

Losses continue at Pan-Am

BY IAN HARGREAVES IN NEW YORK

PAN AMERICAN WORLD AIRWAYS yesterday reported its third successive quarterly loss as it struggles to consolidate its merger with National Airlines at a time of higher costs and weakening demand in the U.S.

The company reported a net loss of $66.3m for the second quarter, taking first-half losses to $141.2m, compared with combined profits in the first half of last year of $10.5m for the two carriers.

Pan Am's huge losses are in spite of its reasonable success competing for traffic in recent months. Operating revenues in the second quarter of $972m were up by a respectable 13.5 per cent, but intense competition on key routes and some regulatory restrictions on raising prices have kept price increases lagging well behind the airline's costs.

As part of its efforts to strengthen its liquidity, Pan Am announced earlier this year that it would sell its landmark New York building on Park Avenue. The company said yesterday that a further announcement about a possible sale would be made shortly.

Delta Airlines, whose main airport is Atlanta and whose traffic is predominantly in the economically stronger Sunbelt region, has again underscored its position as the financially strongest of the major carriers.

In its just completed fourth quarter, Delta suffered a reverse but still produced net profits of $37.7m compared with $43.7m last year. Sales were up from $682m to $813m.

For the fiscal year, Delta earned $93m on sales of $2.98bn, against income of $137m on sales of $2.43bn last year.

A substantial tax windfall combined with the proceeds from aircraft sales have allowed UAL, the U.S. airline and hotel group, to report net earnings of $24.76m in the second quarter, compared with a net loss of $47.3m last year.

The company also managed to reduce its net operating losses to $23.9m from $151m last year, largely as a result of a sizeable increase in the number of revenue passenger miles flown by its United Airlines subsidiary. Revenue in the second quarter more than doubled to $1.23bn from $485.2m last year when United was hit by a 58-day strike. Earnings per share came out at 83 cents compared with a $1.61 loss.

Mr. Richard Ferris, president and chief executive, said that the second quarter's consolidated earnings included a $26.1m adjustment to income tax provisions resulting from the re-evaluation of the company's tax rate for the full year and $17.3m in gains from selling aircraft.

After six months UAL's net loss had been cut from $44.38m, or $1.54 a share, to $15.5m, or 53 cents. Revenues for the six months were $2.4bn against $1.43bn.

Xerox up 10.5% in second quarter

By Ian Hargreaves in New York

XEROX, the office equipment company, yesterday reported increased quarterly earnings. Sales have been expanding more rapidly than profits, however.

For the second quarter, Xerox reported net income up 10.5 per cent to $172.9m on sales up 17 per cent to $2.05bn.

For the first half, profits and sales of $321m—up 9 per cent and $3.9bn—up 16.5 per cent respectively, were records for the company.

This fairly strong performance has been achieved at a time when Xerox has been positioning itself to compete more vigorously in the market for small copiers and when it is experimenting with a new form of Xerox-owned high street stores.

The company described the quarter as "very gratifying" in view of the weak U.S. economy and said that 1980 as a whole would be a "satisfactory year."

In the second quarter, rental and service revenue was up 12 per cent on the year earlier quarter. Proceeds from sales of copiers and other Xerox products improved even more strongly, by 27 per cent.

The strongest areas for sales had been in the Xerox 2300, 2600 and 3450 copiers, the recently introduced 5600 copier/duplicator and the 8200 and 9500 high speed duplicator.

Eurocredit for Venezuela lifted by 50% to $1.8bn

BY PETER MONTAGNON

THE AMOUNT of Venezuela's "jumbo" Eurocredit has been increased to $1.8bn from an original target of $1.2bn, though it remains possible that Credit Lyonnais may drop out of the transaction because of problems associated with an earlier loan to a Venezuelan company.

The decision to raise the amount of the loan was taken late on Wednesday night at a meeting of managers in London. It followed successful syndication in the market on the basis of a split 1-1 spread over seven years.

Ironically, the final amount is one which the 16 banks originally managing the issue felt could not be achieved without a higher spread. Venezuela was offered the choice of starting out with a target amount of $1.8bn over eight years at a flat ¾ per cent margin or beginning with only $1.2bn on the 1-1 split margin basis.

Despite its syndication success, the credit has been dogged by problems surrounding complaints by banks over a series of late payments on short-term loans by Venezuelan state agencies. Proceeds of the credit are intended to consolidate some of this short-term debt.

Even at this late stage one particular problem is still outstanding, a $13m credit arranged in 1975 by Credit Lyonnais for a borrower now called CVG-Fesilven. Previously known as Venbozel, this borrower is a Franco-Venezuelan joint venture set up to produce ferro-silicone.

Payment on this credit was accelerated because of late payments while the "jumbo" credit was being arranged and Credit Lyonnais said yesterday it had still not received the funds due. Bank officials say that including various bi-lateral credits as well as the $13m loan its exposure to this borrower was around $20m.

The bank would be unable to sign the loan on time next Friday unless all outstanding claims on Venezuelan borrowers are made good, the officials added.

Credit Lyonnais was one of the original managers in the "jumbo" transactions, which has been co-ordinated by Chase Manhattan Corp. Its maximum commitment to the credit is $50m and bankers close to the deal said that if Credit Lyonnais felt unable to go ahead with the signing the amount of the commitment would be deducted from the money Venezuela eventually receives.

Similar reservations to these expressed by Credit Lyonnais are shared by another French bank, Credit Commercial de France, with a commitment of $35m. But a third major bank, Société Générale, appears firmly committed to its portion of around $45m.

While Credit Lyonnais remains the most vocal of the participating banks in insisting on a restoration of order in Venezuela's short-term debt servicing, general concern has been voiced by a wide spectrum of international bankers.

"All the banks do want to profit from the jumbo to have the foreign debt situation tidied up," said one banker involved in the credit.

Cummins Engine loss

By Our Financial Staff

CUMMINS ENGINE said its loss of $13.1m for the second quarter compared with a profit of $8m a year earlier was caused by a sharp decline in U.S. sales of heavy-duty trucks, lower demand in international and industrial equipment markets and foreign exchange losses.

The diesel engine manufacturer's sales in the quarter fell 5 per cent to $431.1m.

After a first quarter profit of $2.65m the company reported a first half loss of $10.5m, or $1.25 a share, on sales of $842m against profit of $30.0m, or $3.61 a share, on sales of $903.7m a year earlier.

Foreign exchange losses of $12.8m in the second quarter and $10m in the first half compared with losses of $7.7m in both periods a year earlier.

The company expects third quarter operations to be adversely affected by holiday shutdowns and a further reduction in demand.

It said fourth quarter demand should stabilise production and it should benefit from an 8.9 per cent price increase on U.S. engines.

Depressed transportation equipment and housing markets were blamed by Borg-Warner for its 26.5 per cent fall in second quarter net profits to $31.5m, or $1.47 a share. Sales by the diversified automotive component, chemical and equipment manufacturer fell 5.5 per cent to $669.6m.

Mobil earnings advance strongly

BY CARLA RAPOPORT IN NEW YORK

MOBIL CORPORATION, the second largest U.S. oil company, has reported a second quarter earnings increase of 64.6 per cent, slightly higher than analysts had expected. Net income was $688m against $418m in the same period last year, while sales advanced 43 per cent to $15.3bn from $10.7bn.

Mr. Rawleigh Warner, the chairman, said that foreign energy earnings for the U.S. company jumped 88 per cent to $1.07bn, primarily as a result of higher inventory profits. The rest of the gain was mainly the result of higher prices and increased volumes of North Sea crude oil and Indonesian liquified gas.

The company's domestic earnings were up 79 per cent to $638m thanks to increased exploration and production earnings from higher natural gas prices, as well as increased earnings from Mobil's manufacturing and marketing operations.

Earnings per share for the second quarter were up to $3.24 from $1.97 a year earlier. First-half earnings came out at $1.99bn, or $9.38 a share, against $867m or $4.09 a share, on sales of $30.6bn against $21.1bn.

Marathon Oil, meanwhile, has reported a 27.7 per cent increase in earnings for the second quarter, saying its income from foreign operations had dropped back sharply.

Net income for the quarter was $108.3m on sales of $2.04bn against last year's net income for the quarter of $84.8m on sales of $1.59bn.

The company said all the improvement in the second quarter period came from its U.S. operations, which nearly doubled to net income to $106.9m from $52.6m a year ago.

Net income from Marathon's foreign operations plunged to $1.4m from last year's figures of $32.3m, mainly because of significantly reduced production profitability and higher exploration expenses. The company said that margins on refined products sold in Europe were sharply lower than the same period last year and that sales of refined products had declined.

For the half year profits totalled $247.4m compared with $159.3m on sales up from $3.06bn to $4.3bn.

Schlumberger, the U.S. oil field services and electronics group, recorded a 46 per cent increase in earnings for the second quarter to $234m from $160m last year. Sales advanced to $1.243bn from $804.9m last year.

Sterling Eurobond prices firm

BY FRANCIS GHILES

INTERNATIONAL bond markets were extremely quiet yesterday with the sole exception of the sterling sector where the strength of the UK currency pushed prices up by ½ to ¾ of a point. The next issue in this sector is expected to be a £15m convertible which Credit Suisse First Boston plans to launch next weekend for Orient Finance.

Because of its reception, the subscription period for the £22½m issue for Peugeot SA will close today, four days ahead of schedule. The ten-year issue carries an indicated coupon of 14 per cent and lead manager S. G. Warburg is expected to price the bonds at a small premium.

In the Deutsche Mark foreign bond sector, the DM 100m six-year bond for the Republic of Chile was priced at 99½. Indicated coupon was unchanged at 9 per cent. The cool reception given to this bond issue underlines, yet again, the fact that investors buying D-Mark foreign bonds are only interested in acquiring paper of borrowers they consider of prime quality. Less than prime rate borrowers attract little demand, even when they offer coupons more than 1 per cent higher than those highly regarded in the market.

Trading in the dollar sector remained at a trickle. The reduction in the prime rate of some U.S. banks by ½ per cent to 10½ per cent did nothing to increase investor interest and prices of seasoned issues showed little change.

In the Yankee bond sector, Goldman Sachs will bring Inter-american Development Bank to the market for a $100m seven-year issue.

The FFr 400m five-year issue for Sweden which carries a coupon of 12½ per cent was priced at par by the lead manager, BNP. The issue was twice oversubscribed.

Kodak does better than expected

By Our New York Staff

EASTMAN KODAK, the world's largest photographic equipment company, has reported slightly stronger-than-expected profits for the second quarter and forecast that the year as a whole would prove to be a good one for the company.

Net income in the quarter, at $272.3m, was 22 per cent higher than in the same period last year, although $14m of the total resulted from foreign currency exchange gains and from the increased value of the company's holdings of silver.

Sales in the quarter advanced by just over 18 per cent to $2.13m, against $1.8bn. In the first half net profits totalled $458.4m, compared with $420m, and sales were $4.27bn, against $3.45bn.

Mr. Walter Fallon, the chairman, said that all the company's divisions had reported higher sales, but operating earnings had advanced more slowly than sales because Kodak had passed increases in its costs to customers.

IU International shows big rise

BY OUR FINANCIAL STAFF

IU INTERNATIONAL, the transportation, environmental services and distribution group, pushed up second quarter net operating earnings by 43.5 per cent from $9.32m to $13.37m and expects to do well in most operations in the second half. However, the company says its strength in transportation services may only become evident as the U.S. economy recovers.

Second-quarter revenues were up from $513.47m to $547.34m and earnings per share advanced from 25 cents to 47 cents. The main contributors to the second-quarter improvement were the transportation operations, where operating results reflected the recovery from the strike hit period of 1979, the agribusiness sector, where operating profits were more than doubled to $11.3m and the distribution of operations where there was an advance of almost $600,000 to $4.59m.

Although transportation showed an improvement the company is feeling the effects of the deregulation of the trucking industry at a time of recession in the U.S. The company is confident of riding out these difficulties.

IU, which late last year spun-off its Gotaas-Larsen shipping subsidiary, disposed of its 58.1 per cent-owned Canadian Utilities in the second quarter, giving it a $98.15m gain. After taking account of this and a loss from discontinued operations of $4.16m ($8.76m profit previously) IU's total earnings for the quarter came out at $105.35m against $18.02m.

After six months IU's net operating profits were ahead 34.9 per cent from $21.55m to $39.48m, or from 58 cents to $1.18 a share, reflecting the massive gain in the first quarter from its Canadian silver mine. Revenues for the period were $1.12bn against $1.02bn.

Its agribusiness operations were also well up for the first half, with operating earnings again doubled from $13.15m to $26.76m. Although its water services operations were a little higher at $4.89m for the second quarter, at the half-way point they were well down from $14.73m to $9.49m.

Environmental services were little changed at $11.78m for the half year, with the operations feeling the effects of low production in the steel industry despite new contracts for coal burning power stations.

The company pointed out that with the absence of Canadian Utilities the effect of foreign currency translation on the company's results would no longer be significant and that together with the elimination of Gotaas-Larsen the two largest capital intensive sectors had been removed from its businesses.

BNOC climbs Fortune list

By Our New York Correspondent

FORTUNE MAGAZINE'S directory of the 500 largest non-U.S. industrial companies for 1979 has awarded disparate distinctions to two British companies—while British National Oil Corporation (BNOC) made the largest leap in sales of all companies ranked, British steel recorded the largest losses.

BNOC jumped from No. 375 in last year's list to No. 43 this year, boosted by an eightfold increase in sales. The losses of $600m at British Steel, which was ranked No. 50 in terms of sales, put the company at the top of the Fortune money losers listing, while troubled car manufacturer BL, with losses of $306m, was the directory's fifth largest loser.

For the second year in a row, British Petroleum was the second ranked company in terms of sales, after Royal Dutch/Shell group. Petroleum companies in general, propelled by oil price rises, led all other industrial sectors with a median sales increase of 41.2 per cent. Italy's ENI moved to the No. 4 spot from No. 10 last year, while Francaise des Petroles went from No. 11 to No. 6.

Oil profits rose even more robustly than revenues. The industry's median increase in profits came to 72.6 per cent, with the leading profit makers being Royal Dutch/Shell, British Petroleum and Petroleos de Venezuela.

Inland Steel in loss and sees little improvement

BY OUR FINANCIAL STAFF

INLAND STEEL, the sixth largest producer in the U.S., posted a $22.45m loss in the second quarter compared with the $49.15m profit in 1979. Revenues for the quarter were down from $956.2m to $748.22m.

After six months Inland's profit was down to $4.31m against the $74.08m achieved in the first six months of 1979 and earnings per share came out at 19 cents compared with $3.52. First-half sales totalled $1.67bn, down from the $1.85bn of 1979.

Inland, which services the large mid-western steel consuming markets has been the consistently most profitable of the U.S. producers and has been undertaking substantial capital expenditures in the past five years. It was profitable throughout the 1970s and last year posted net earnings of $131m, or $6.27 a share, on sales of $3.64bn.

The company said that for the remainder of 1980 the prospects for improved market conditions were not apparent at present, but pointed out that customers' stocks were at extremely low levels and that any strengthening in demand for end products should be reflected in an upturn in orders for its output.

The company has in the past derived 63 per cent of sales and about three-quarters of profits from basic steel activities.

Atco to renew bid for Calgary Power

By Our Financial Staff

ATCO, Canada's largest manufacturer of prefabricated buildings, said yesterday that it would allow its offer for Calgary Power to lapse but would make anew $21 a share offer next week as soon as the necessary documentation could be completed.

Atco's offer, also of $21 a share for about 57 per cent of the Calgary Power equity was due to expire yesterday.

Completion of the bid had been delayed by a ruling on Monday by the Alberta Securities Commission barring Atco from acquiring further Calgary Power stock.

Shipping boosts income at Holiday Inns

By Our New York Staff

HOLIDAY INNS, the U.S. motel and restaurant group, has reported record sales and earnings for the second quarter due to a dramatic improvement in its shipping subsidiary and the continued strength of its motel operations.

Net income for the quarter was $35.1m against $23.3m a year earlier including $2.6m income from its Trailways bus operation which it sold in 1979. Sales for the second quarter jumped to $395.1m from $276.2m last year.

Mr. Roy Winegardner, chairman and chief executive officer, said that the higher profitability of the company's Delta Steamship subsidiary had a favourable impact on the group's overall tax rate.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on July 24

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Brit. Oxygen F. 10¼ 90	50	92¼	92¾	0	−0¼	12.10
CECA Grad. Rate 12 88	100	98¾	99	+0¼	−0¼	11.53
CECA 11¾ 90	50	99	100	0	+0¼	11.69
CECA 11½ 88	100	99⅞	100¼	+0¼	0	11.46
Citicorp O/S Fin. 10 86	300	95¼	95⅞	0	−0¼	11.04
Con. Illinois O/S 9¾ 88	150	94	94½	0	−0¼	11.12
Denmark 11¾ 90	100	98¾	99¼	0	0	11.89
Dome Petroleum 13½ 92	50	103	103½	0	0	12.92
EEC 11 95	75	96	96½	+0¼	+0¼	11.53
EIB 11¾ 92	80	97¼	97⅞	−0¼	−0¼	12.12
EIB 13¾ 90	100	106¾	107¼	+0¼	0	12.47
Eksportfinans 11¼ 87	50	99¾	100¼	0	−0¼	11.24
Eksportfinans 9½ 87	75	92¾	93¼	0	−0¼	11.01
Elec. de France 10 88	125	95⅝	96⅛	0	−0¼	10.79
Export Dv. Cpn. 9¾ 84	150	96¾	97¼	+0¼	+0¼	10.88
Export Dv. Cpn. 12¾ 87	100	106½	107	0	−0¼	11.26
Export Dev. Cpn. 9½ 88	150	95¼	95⅞	0	−0¼	10.56
Federal Dev. Bk. 12¾ 85	75	104¼	104¾	+0¼	+0¼	11.00
Fin. Exp. Credit 10¼ 85	50	98¼	98¾	0	−0¼	10.93
Finland, Rep. of 9½ 86	100	92	92½	0	0	11.41
Ford O/S Fin. 12½ 85	250	100¼	100¾	+0¼	+0¼	12.45
George Weston 13½ 87	30	102½	103¼	+0¼	+0¼	12.82
GMAC O/S Fin. 11 84	100	99⅞	100⅜	0	+0¼	10.92
GMAC O/S Fin. 13⅛ 85	100	106	106½	+0¼	+0¼	11.54
Goodyear O/S 12¾ 87	75	99¾	99¾	+0¼	+0¼	12.82
Hudson's Bay 11½ 90	75	98	98½	0	−0¼	11.80
IBM Canada 10¼ 85	50	99¾	100¼	0	−0¼	10.53
ICI Fin. Ned. 11 83	100	100¼	100⅞	0	+0¼	10.70
McGraw 13½ 85	75	102⅝	103⅛	+0¼	−0¼	12.62
Norwest Ind. 13¾ 87	50	101¼	101¾	0	0	13.27
Nova Scotia 10¾ 90	50	94⅞	95¾	−0¼	−0¼	11.80
OKB 10 85	50	89	98¼	+0¼	+0¼	10.47
Pembroke Capital 9¾ 87	100	94	94½	0	−0¼	10.84
Pemex 11½ 88	100	97⅞	98¼	+0¼	+0¼	11.87
Quebec, Hydro 11⅛ 92	100	97¼	97¾	+0¼	0	11.91
Rapeseel O/S 11½ 88	100	94	94⅞	0	−2¼	12.68
Royleese Ltd. 11¼ 85	50	100¼	100⅞	+0¼	−0¼	11.06
SNCF 12¼ 85	50	104¾	105¼	0	−0¼	10.96
Swed. Ex. Cred. 12½ 85	40	103¼	103¾	0	+0¼	11.47
UB Finance BV 11 90	50	92¾	89½	−0¼	−0½	12.28
World Bank 9¾ 86	200	97	97½	+0¼	0	10.48
World Bank 10¼ 87	300	97¼	97⅞	+0¼	0	10.74

Average price changes. On day +0¼ on week −0¼

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Akzo 9 90	125	103¾	104	0	+0¼	8.43
Australia 8¼ 90	250	102¾	103	−0¼	−0¼	7.72
BFCE 7¾ 87	100	99½	100	−0¼	+0¼	7.79
BFCE 8¼ 95	100	100	100½	0	+0¼	8.07
Brazil 8 87	150	93½	94¼	−0¼	+0¼	9.22
Council of Eur. 7¾ 89	100	95¼	96¼	+0¼	+0¼	7.91
Denmark 7⅞ 89	100	99	99¾	−0¼	+0¼	8.00
Denmark 8¼ 92	100	99¾	100¼	+0¼	0	8.27
EEC 7¾ 94	225	99¾	100¼	−0¼	+0¼	7.90
EIB 7½ 89	200	97¾	98½	+0¼	+0¼	7.90
Finland Rep. of 8 86	150	99	99¾	0	+0¼	8.11
Kobe, City of 7½ 89	150	95¼	96	0	+0¼	7.80
Kobe, City of 8 90	100	100¾	101¼	0	+0¼	7.83
Mt. Bk. Denmark 8½ 90	150	100¾	101¼	+0¼	+0¼	8.34
Norway 7½ 85	250	99¾	100¼	−0¼	+0¼	7.48
OKB 7¾ 89	100	95⅞	96¾	0	−0¼	7.96
OKB 8¼ 92	150	101	101½	+0¼	+0¼	8.06
Oslo, City of 8¾ 90	80	102¾	103¼	−0¼	+0¼	8.29
Sweden 9¾ 87	200	107¾	108¼	0	+0¼	8.18
World Bank 7¾ 91	400	98¾	99¼	+0¼	+0¼	7.89
World Bank 7⅞ 90	250	99½	100¼	+0¼	+0¼	7.89
World Bank 10 86	150	109¾	110¼	+0¼	+0¼	7.82
World Bank 10 90	200	111¾	112¼	−0¼	+0¼	8.13

Average price changes... On day +0¼ on week +0½

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 5½ 89	90	92¾	93¼	−0½	−1¼	6.66
Bergen, City of 4¾ 91	40	95	95½	0	−0¼	5.33
Bergen, City of 6 90	50	103¾	104¼	+0¼	+0¼	5.46
BNOE 5 89	75	85½	89	+0¼	−0½	7.21
BMW Overseas 4¾ 91	100	93	93½	0	−0½	5.06
Buhrm'n-Tetterode 7 90	40	106⅞	107¼	+0¼	+1¼	5.01
Celesa Nat. Tele. 4¾ 89	100	95	95½	0	+0¼	5.04
Copenhagen 4½ 91	60	91	91½	0	0	5.57
Council of Eur. 5 89	100	96	96½	+1¼	0	5.52
Denmark 5¾ 90	80	100¼	100¾	+0¼	+0¼	5.89
EIB 4½ 91	100	91½	92	+0¼	−0½	5.52
EIA 4¼ 94	100	88	88½	0	−0¼	5.60
Elec. de France 4¾ 89	100	94⅞	95⅜	−1¼	+0¼	5.06
F. G. H. Hypo. Bk. 8 90	50	†104½	105	+0¼	+0½	5.37
GZB 4¾ 89	100	91½	92	+0½	−0¼	5.40
Hilti 4½ 91	35	†93¾	94¼	−0¼	−1	4.96
Int.-Amer. Dev. 4½ 89	100	†92	92½	0	0	5.62
Int.-Amer. Dev. 7 90	80	106¾	107¼	+0¼	+0½	6.04
Jutland Tele. 5½ 90	50	100½	101	0	0	5.39
Malaysia 5 89	90	88¼	89¼	−0¼	−0¼	5.71
Newzg 5¾ 90	80	102¼	102¾	+0½	0	5.42
Nippon Tel. & T. 4¾ 89	100	94	94½	−0¼	−0½	5.08
Nordic Bank 6 89	45	99	99½	−0¼	+0½	5.11
Norges Komm. 4¾ 91	100	92¼	92¾	−0¼	−0¼	5.28
OKB 4¾ 91	100	91⅞	92⅜	−0¼	−0¼	5.32
OKB 6 90	100	103¼	103¾	−0¼	0	5.52
Oslo, City of 4¾ 91	100	90¼	90¾	+0¼	+0¼	5.63
Sekisui Pre. Hme. 6 90	80	102⅞	103⅜	+0½	−0¼	5.58
Shikoku El. Pwr. 4¾ 89	100	96¼	96¾	+0¼	−0¼	5.24
World Bank 4¾ 89	100	96¾	97¼	+1¼	−0¼	5.05
World Bank 4½ 88	150	92¼	92¾	+0¼	+0¼	5.45
World Bank 4¾ 91	100	93¼	93¾	+0¼	0	5.41

Average price changes... On day +0¼ on week −0¼

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.6 83	30	91⅞	92⅜	−0¼	0	8.38
Australia 6½ 88	20	87¾	88¼	−0¼	0	8.72
EIB 7¾ 89	12	95¾	97¼	0	+0¼	8.31
Finland 5.0 83	10	91¾	92¼	−0¼	+0¼	8.61
Finland 6.8 88	10	87¾	89	−0¼	0	8.97
Finland, Rep. of 8¼ 87	15	98¾	98¾	0	+0¼	8.29

Average price changes .. On day −0¼ on week +0¼

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10¾ 86 CS	60	96	96½	+0¼	+0¼	11.61
CIBC 13½ 85 CS	60	103¾	104¼	0	−0¼	12.36
CIBC 11½ 85 CS	60	98¾	98⅞	0	−0¼	11.88
Federal Dev. 11½ 90 CS	60	95⅞	96⅜	−0¼	−0½	12.10
Fst. Can. Inv. 10 84 CS	60	94¼	94¾	+0¼	+0¼	11.88
GMAC 12 85 CS	50	†99¼	99¾	0	+0½	12.12
R. Bk. Canada 10 86 CS	40	94¾	95¼	−0¼	0	11.23
Tordom. Cpn. 13½ 95 CS	30	103¼	103¾	0	−0¼	12.42
M. Bk. Dnmk. 9 91 EUA	25	93¾	94¾	−0¼	−0¼	9.97
SOFTE 8¾ 89 EUA	40	87½	88½	+0¼	+0¼	10.40
U. Bk. Nrwy. 9½ 90 EUA	18	98¼	99¼	+0¼	+0¼	9.71
Algemene Bk. 8¾ 84 Fl	75	96¾	97¼	+0¼	+0¼	9.14
Algemene Bk. 10¼ 87 Fl	400	101½	102	−0¼	+0¼	9.89
Bk. Mees & H. 10 85 Fl	75	100½	101½	+0¼	+0½	9.77
Ned. Gasunie 8¾ 84 Fl	50	100¼	100¾	+0¼	0	8.56
Norway 8¾ 84 Fl	100	96⅞	97⅜	+0¼	+0¼	9.09
Philips Lamps 8¼ 84 Fl	75	97½	97¾	+0¼	+0½	9.06
Air France 11 84 FFr	120	96	97¼	0	0	12.06
CECA 14¾ 86 FFr	150	106¾	107½	0	+0¼	12.42
Euratom 9¾ 87 FFr	150	86	86¾	−0½	−0¼	13.03
Finland 11 84 FFr	80	96	96¾	0	+0¼	12.36
Finland 11¼ 89 FFr	70	93¾	94¼	+0¼	+0¼	12.69
Gaz de France 11 84 FFr	150	94¾	95⅞	0	+0¼	12.46
IBM France 11⅞ 84 FFr	120	97¼	98	0	+0¼	12.32
Renault 9¾ 85 FFr	100	88¾	89	0	+0¼	13.39
Saint-Gobain 9¾ 86 FFr	130	85⅞	87¼	−0¼	0	13.20
Solvay et Cie 9¾ 87 FFr	125	84¾	86½	+0½	−0½	13.26
Beneficial Fin. 14¾ 90 £	20	102¾	102¾	+0½	+0¼	13.72
Citicorp O/S 13½ 90 £	50	101⅞	102¾	+0¼	+1½	13.06
EIB 11½ 91 £	25	96¾	96⅞	+0¼	+0½	12.08
Fin. for Ind. 12¾ 89 £	30	98⅞	99¾	−0¼	+1	12.66
Fin. for Ind. 14¾ 88 £	20	104⅞	104⅞	0	+0¼	13.44
Gen. Elec. Co. 12¼ 89 £	50	99½	100	+0¼	+0½	12.52
Swed. Ex. Cr. 13¾ 85 £	20	106	106½	+0¼	+0¼	13.33
Banobras 8¼ 90 KD	7	†95¾	95¾	0	+0½	8.93
CCCE 8½ 91 KD	10	†93⅞	94¾	0	+1	8.98
Mitsubishi 7½ 84 KD	10	†94½	95½	0	+0¼	9.08
Sonatrach 8½ 90 KD	12	†94¾	95½	0	+0¼	9.31
Akzo 9¾ 87 LuxFr	500	94¾	95¾	+0½	−0¼	10.19
Euratom 8 87 LuxFr	500	89¾	90¼	+0¼	+0¼	10.08
Euratom 9¾ 89 LuxFr	500	98¼	99¼	−0¼	+0½	8.96
EIB 9¾ 88 LuxFr	600	97⅞	98⅞	0	0	10.05
Volvo 9¾ 87 LuxFr	500	96¾	97¼	+0¼	0	10.41

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bk. 5¼ 87	0¼	98¼	98¾	2/1	10.44	10.61
Bank of Ireland 5¼ 89	‡0¼	97⅞	98⅜	21/8	11.81	12.04
Bank of Tokyo 5¼ 89	‡0¼	97¼	97¾	25/10	16.56	17.01
Barclays O/S Inv. 5 90	0¼	97¾	98¼	13/12	9¾	9.93
Bergen Bk. A/S 6 89	‡0¼	97	97½	29/8	10	10.28
Bilbao Int. NV 5¼ 90	0¼	96⅞	97⅜	29/11	10.06	10.35
Citicorp O/S F. 83	§‡0	98⅞	99⅜	23/8	10.19	10.28
Citicorp O/S F. 84	‡0	98⅞	98⅞	30/7	9.69	9.82
C. Itoh 5⅞ 87	0¼	99½	100	18/9	15.44	15.49
Co-operative Bk. 5 86	0¼	98¼	98¾	15/11	11.44	11.61
Creditanstalt 5½ 91	§‡0¼	97¼	97¾	14/9	9.44	9.69
CNT 5¼ 86	§0¼	100¾	101¼	16/10	18¼	17.96
GZB 5⅞ 89	‡0¼	98	98½	1/8	15¾	15.52
Jugobanka 8 89	0¼	90¾	92¼	23/11	11¾	12.74
Ind. Bank Japan 5¼ 87	0¼	100	100½	15/10	18¾	18.70
Lloyds Eurofin 8 90 £	0¼	97¾	98¼	8/1	15¾	16.09
LTCB Japan 5¼ 86	0¼	98¼	98¾	13/12	9¾	9.77
LTCB Japan 5½ 89	0¼	98¼	98¾	7/12	10¼	10.28
Mfrs. Han. O/S 5¼ 94	‡0¼	97¾	97¾	31/8	9¾	10.12
Midland Intl. Fin. 5 89	0¼	99	99½	20/12	9½	9.57
Midland Intl. Fin. 5¼ 92	0¼	98¼	98¾	5/12	10¾	11.08
Nacional Fin. 6¼ 86	0¼	99	99½	25/7	14.69	14.95
Nat. West. 5¼ 94	§0¼	100	100½	11/10	18¾	18.58
Nippon Credit 6½ 86	0¼	97¾	97⅞	12/1	9.56	9.80
Nippon Credit 5¼ 87	‡0¼	97¾	98¼	6/8	14¼	14.66
Royal Bk. Scot. 5¼ 94	§‡0¼	98	98½	11/10	9.31	9.48
Soc. C. de Bque. 5½ 87	0¼	100¼	100¾	3/10	20.06	19.98
Sogenal 5¼ 89	§0¼	97¾	98¼	13/1	9¾	9.28
Standard Chart. 5¼ 90	0¼	100¼	100¾	6/9	17¼	17.10
Svenska Hndlsbk. 10 87	0¼	98½	99	10/1	10	10.13
Sweden 5¼ 87	‡0¼	96¾	96⅞	18/10	18¾	19.28
Williams & Glyn 5¼ 91	0¼	99¾	100¼	14/9	18½	18.52
Bq. E. d'Alg. 4¾ 88 BF	0¼	91	91½	18/12	6¼	6.71

Average price changes... On day 0 on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
AGA Aktiebolag 7¾ 89	10/79	145	†120	121	0	−8.88
Ajinomoto 7¾ 95	2/80	215.6	109⅞	110½	+0¼	−1.99
Alco Int. Fin. 9½ 94	1/80	40	94¾	96	+1¼	28.62
Apache f. Fin. 8¾ 95	12/80	21.12	116¾	117½	−0¼	−0.24
Asahi Optical 7 94	11/79	526.1	91¾	92¼	−2	−6.09
Blocker Energy 8¾ 95	1/81	21.87	97⅞	98⅞	−0¼	19.55
Canon 6¾ 94	8/79	570	104¾	105¼	−1½	−0.84
Credit Suisse 4¾ 93	10/79	1278	109½	110¼	+0¼	−3.48
Daiei Inc. 6½ 94	11/79	927.3	96¾	97¾	0	19.98
DUKK 11 90	4/80	324	109¾	110¾	−0½	5.08
Dynalectron 9½ 96	8/80	12.22	110	*111	0	3.37
Enserch Fin. 9½ 94	7/80	30.25	126½	127½	−0½	0.78
Moidenshe Elec. 7 94	12/79	210	99½	101	−0¼	7.25
Mitsubishi Cp. 6½ 94	10/79	549.1	118¾	120¼	0	1.86
Nippon Seiko 7¾ 94	12/79	339	†107¼	108¾	−0½	−0.34
Toshiba Cpn. 7¾ 94	10/79	188	97	98	−1¼	2.99
Union Bk. Switz. 5 89	2/80	121.4	98½	99½	−0¼	5.49
Fujitsu 5 84 DM	7/79	475	102	102¾	+0¼	5.22
Kansai Elec. 4 84 DM	4/79	1210	87¾	88¾	−0¼	40.58
Sharp Cpn. 6½ 88 DM	9/80	595	100¾	100⅞	−0½	13.67
Uny Co. 6¼ 85 DM	11/79	1071	97½	98	−0¼	25.67

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

U.S. QUARTERLIES

BLUE BELL	1980 $	1979 $
Third quarter		
Revenue	351.0m	250.6m
Net profits	11.35m	17.65m
Net per share	0.90	1.41
Nine months		
Revenue	968.6m	703.9m
Net profits	46.84m	44.38m
Net per share	3.72	3.54

CHARTER CO.	1980 $	1979 $
Second quarter		
Revenue	1.11bn	1.08bn
Net profits	†8.68m	80.82m
Net per share	†0.52	3.31
Six months		
Revenue	2.26bn	1.51bn
Net profits	50.37m	87.15m
Net per share	1.72	4.00

† Loss

DRAVO CORPORATION	1980 $	1979 $
Second quarter		
Revenue	237.7m	244.8m
Net profits	5.13m	8.01m
Net per share	0.63	0.99
Six months		
Revenue	448.3m	432.2m
Net profits	7.3m	12.51m
Net per share	0.88	1.54

NATOMAS	1980 $	1979 $
Second quarter		
Revenue	354.6m	247.6m
Net profits	57.4m	25.65m
Net per share	2.22	1.48
Six months		
Revenue	683.7m	467.4m
Net profits	105.41m	43.93m
Net per share	4.08	2.51

SMITH INTERNATIONAL	1980 $	1979 $
Second quarter		
Revenue	177.6m	132.2m
Net profits	18.38m	13.9m
Net per share	0.88	0.68
Six months		
Revenue	335.1m	259.9m
Net profits	34.38m	26.63m
Net per share	1.65	1.30

HERSHEY FOODS	1980 $	1979 $
Second quarter		
Revenue	284.0m	249.9m
Net profits	11.7m	10.5m
Net per share	0.83	0.74
Six months		
Revenue	815.2m	527.8m
Net profits	25.0m	22.8m
Net per share	1.77	1.61

PENNZOIL	1980 $	1979 $
Second quarter		
Revenue	631.0m	493.2m
Net profits	77.6m	58.0m
Net per share	1.48	1.15
Six months		
Revenue	1.24bn	926.7m
Net profits	161.3m	104.2m
Net per share	3.08	2.06

SPERRY & HUTCHINSON	1980 $	1979 $
Second quarter		
Revenue	199.1m	206.5m
Net profits	5.34m	7.88m
Net per share	0.55	0.83
Six months		
Revenue	394.2m	410.8m
Net profits	11.09m	15.19m
Net per share	1.14	1.58

IMPERIAL OIL	1980 $	1979 $
Second quarter		
Net profits	148.0m	108.0m
Net per share	1.10	0.83
Six months		
Revenue	3.4bn	3.1bn
Net profits	300.0m	197.0m
Net per share	2.26	1.51

PEPSICO	1980 $	1979 $
Second quarter		
Revenue	1.38bn	1.18bn
Net profits	77.5m	72.58m
Net per share	0.85	0.78
Six months		
Revenue	2.56bn	2.2bn
Net profits	125.08m	117.74m
Net per share	1.37	1.26

STANDARD BRANDS	1980 $	1979 $
Second quarter		
Revenue	713.3m	623.1m
Net profits	22.3m	18.8m
Net per share	0.78	0.66
Six months		
Revenue	1.39bn	1.2bn
Net profits	41.1m	35.1m
Net per share	1.44	1.23

JOHNSON & JOHNSON	1980 $	1979 $
Second quarter		
Revenue	1.21bn	1.04bn
Net profits	100.25m	89.44m
Net per share	1.63	1.44
Six months		
Revenue	2.4bn	2.11bn
Net profits	210.8m	183.4m
Net per share	8.43	3.00

PITNEY-BOWES	1980 $	1979 $
Second quarter		
Revenue	301.1m	254.1m
Net profits	15.28m	13.04m
Net per share	0.89	0.83
Six months		
Revenue	584.6m	440.4m
Net profits	31.33m	24.07m
Net per share	1.83	1.62

WENDY'S INTERNATIONAL	1980 $	1979 $
Second quarter		
Revenue	85.7m	65.5m
Net profits	8.18m	8.57m
Net per share	0.55	0.44
Six months		
Revenue	162.0m	126.0m
Net profits	13.93m	11.74m
Net per share	0.93	0.78

هكذا من الأصل

ITALIAN WHITE GOODS INDUSTRY

Pressure mounts for Indesit rescue

BY RUPERT CORNWELL

THE ITALIAN Government is under mounting pressure to rescue Indesit, the financially troubled electrical appliances group which is the second largest company in Italy's white goods sector after Zanussi.

Indesit's troubles, simmering for many months, have come dramatically to a head. Urgent talks are under way between the company and the Indnstry Ministry in Rome following the refusal of creditor hanks to put up L54bn ($64m) of short term credits to clear the way for a financial reorganisation.

As a result abont 8,000-9,000 of the company's 12,000 workers are threatened with heing laid off. Moreover, if an immediate injection of fuods cannot be secured, a total shutdown is risked.

Indesit has 17 factories in Italy, gronped essentially around Turin in the oorth aod Caserta near Naples. Closure would exacerhate the extensive unemployment in southern Italy.

But there are other factors which make a swift solution of the Iodesit crisis essential. Many industrialists are deeply anxious at the repercussions for the image of Italian industry were a company—whose brand-name on fridges, washing machines and other appliances is almost a household word in many countries—allowed to fold abruptly.

The group's difficulties are causing considerable anxiety also for its subcontractors. In large part concentrated around Turin, they are already having to cope with a drop in business from the serious slowdown in the car sector.

Yesterday representatives of Confapi, the small industry confederation, met Sig. Francesco Cossiga, the Prime Minister, and other memhers of the Government to demand a speedy and lasting settlement of the Indesit crisis.

In a statement afterwards Confapi declared that 15,000 jobs around Turin and Milan were endangered. Indesit, it said, was effectively unahle to meet financial obligations of L140bn towards its suhcontractors.

Iodesit was one of the leaders of the boom in the 1960s and early 1970s of Italy's domestic appliance industry. According to industry officials, however, its error was to concentrate on cheap down-market products, which in turn have come under mounting threat from even cheaper products originating in Eastern Europe and Yugoslavia.

These difficulties have been amplified by the general over-capacity existing in Europe, falling demand, and the specific problem of the slump in house huilding in Italy.

Founded in 1956, Indesit reported sales in 1979 of L263bn. Its beadquarters are just outside Turin, but its precise structure has never been entirely clear. The company has a Swiss and an Italian arm, and is still 60 per cent owned by its founder, Sig. Armando Campione.

The shape of any rescue operation remains to be seen. Indesit's own restructuration plan, which includes manufacturing in the U.S. for the first time, a general shift np-market and diversification into other products, is said to call for total aid of L231bn.

About L100bn would come from a state fund for scientific research, and L50bn from existing Government schemes to help industrial adjustment, while L81hn would be provided as short-term liquidity.

In recent days it is understood that Zanussi, Europe's largest manufacturer of white goods, has turned down requests to take over Indesit. Zanussi, indeed, is facing difficulties of its own. The 10-15 per cent decline in demand in the first half of 1980, means that the Pordenone-based group is having to lay off 1,200 workers. Meanwhile its Ducati Elettrotecnica subsidiary in Bologna, which lost L14.6bn in 1979, is still in deficit.

At the same time a sector heavily dependent on exports is suffering from the falling competitivity and high labour costs which plague Italian industry. Productivity at home has grown more slowly than most other countries, but the lira exchange rate has remained comparatively steady within the European Monetary System.

Swiss groups buy U.S. insurer

BY JOHN WICKS IN ZURICH

TWO MAJOR Swiss insurance group are to pay $135m for Fidelity and Deposit Company of Maryland, a subsidiary of American General Insurance.

The two Swiss companies, Swiss Reinsurance and Zurich Insurance, will take equal shares lo Fidelity under a preliminary agreement reached with American General, which ia one of the largest financial services groups in the U.S.

Fidelity is one of America's leading surety and fidelity insurers. On gross premium income of about $107m it earned $10.5m last year and had assets of $230.4m at year end. It will continue to operate from its Baltimore base under its preseot name and management and act as an "independent unit" within the foreign organisations of the two potential huyers.

The Fidelity and Deposit transaction is subject to completion of a definitive purchase agreement and to regulatory approval. However, the deal is expected to be completed before the end of the year.

Both Swiss companies already have a considerable stake ln the American insurance market. Last March, Zurich Insurance added to its U.S. network by forming Zurich Reinsurance of New York to operate in cooperation with Trygg Hansa, the Swedish insurer.

Second only to Lloyd's as a force in international insurance markets, Swiss Re had a gross premium income in excess of *SwFr 3bn last year*. The group is heavily dependent on trade with Europe but something like a quarter of premiums arise in North America.

Gross premium income at Zurich Insurance rose by 8 per cent to SwFr 2.8bn in 1979 and the group's North American content was broadly similar to *that of Swiss* Re. Earlier this year the company raised the equivalent of $81.5m through a rights issue.

In terms of profits performance last year, Zurich Insurance was able to comfortably outstrip its rival, lifting net earnings by 13 per cent to SwFr 62.8m. At Swiss Re earnings emerged from 1979 around 7 per cent ahead at SwFr 119m.

Fiat plans to extend lay-offs

By Our Rome Correspondent

THE CLIMATE between Fiat management and trades unions worsened last night as the Turin-based car group announced plans for further substantial lay-offs this autumn, forced by the deteriorating car market.

The news was broken at a meeting yesterday between the two sides, supposedly to discuss progress on establishing a three-year house labour contract to supplement last year's national engineering and metalworkers' agreement.

However, the main preoccupation of the unions is the heavy reduction it believes Fiat is planning in its workforce. The company maintains that lay-offs are essential if the group is to come unscathed through the rough period ahead.

The additional layoffs again concern the 78,000 workers, who were idled for seven days this summer. They will be laid off for eight days, spread over a four-week period starting September 8. All Fiat car plant in Italy will be affected, except those producing the highly successful Panda utility runabout.

Afterwards unioo leaders declared they totally rejected the Fiat decisions, though their retaliatory action has yet to be disclosed.

Margins fall at Dresdner Bank

BY KEVIN DONE IN FRANKFURT

THE SQUEEZE on the profitability of the West German banks has shown little sign of easing in the first six months of 1980. The Dresdner Bank, the second largest bank in the Federal Republic, said yesterday that its margins had worsened.

Last year Dresdner's performance was supported by its beavy involvemeot in the gold market, hut so far this year there has been little belp from this activity.

At the same time the interest surplus in the first six mooths declined hy 7.3 per ceot, a fall of DM 58.1m ($33m) and this could not he offset hy a gain in the surplus on commission earnings of 12.2 per cent or DM 28.7m.

Dresdner, which receotly opened a DM 300m, 32-storey headquarters office block in the centre of Frankfurt, is also facing steadily rising lahour costs. The hank's hill for wages, salaries and social costs rose by a further 5.8 per cent, or DM 32.8m, in the first six months to DM 597.5m.

Some relief for bank profitability could be in sight later this year if, as expected, the Bundeshank moves to reduce its key interest rates, which are currently at a post-war record level. For much of this year, however, Dresdner's interest surplus has heen held down at last year's low level, although there has been a small improvement in recent weeks, it said yesterday.

The hank has made greater efforts this year, however, to shape its business to the prevailing credit conditions, with the result that the business volume of the group has hardly shown any expansion at all from last year's level of DM 153hn.

The halance sheet total of the parent hank showed a significant fall of 6 per cent to DM 73bn. Dresdner's advances to other hanks rose hy DM 700m to DM 17bn, while its borrowings dropped by DM 900m to DM 22.2bn.

Dresdner said that despite uncertain conditions on the stock markets, its securities business had improved markedly over last year and there had been a further expansion of its international business in line with the growth of German trade.

UBS ahead in second quarter

By Our Zurich Correspondent

EARNINGS OF Union Bank of Switzerland were generally higher in the second quarter of 1980 than for the corresponding period of last year. Business is described as "brisk" and UBS expects a continuation of satisfactory trends in the second half of the year as long "as there is no major change in the basic economic situation."

No actual figures are given but these are said to have again been good in the April-June period. A further substantial rise in lendings led to a slight gain in interest earnings again despite narrowing margins. In keeping with the economy, commissions from commercial business were above corresponding 1979 totals.

At the same time, however the hank says that income from foreign exchange and precious metals trading declined. It adds that these are still "significant" and points out that a drop had been expected.

The UBS balance sheet, which had shown a marked increase in the first quarter, saw this trend partially level off in the spring due to the weakness of the dollar. The assets total was still some SwFr5bn ($3.12bn) above the level of SwFr 67.38bn booked at the end of 1979.

● Bank Leu, another of *Switzerland's major banks*, reports a 5.6 per cent increase in balance sheet totals during the second quarter to SwFr 6bn ($3.75bn). This means that the figure has risen by 14.4 per cent since the end of last year.

Reduced profits from West LB

DUSSELDORF — Business volume of Westdeutsche Landesbank (West-LB) rose hy 2 per cent to DM133bn ($76bn) in the first half of 1980 compared to the end of 1979 and was 8 per cent ahead of thc year-ago level. At the same time assets increased by a respective 0.4 per cent and 9 per cent to DM94.9ho

But despite the increasing volume aod assets, West-LB said its earnings declined in the half-year, due to the central hank's tight credit policy "which led to high interest rates and reduced the ioterest spread — or the difference between interests paid oo deposits and received for credits."

West-LB did not release full earnings figures in its interim report. But extracts from the profit aod loss account show that earnings from interests and commissions rose by 14.2 per cent to a gross DM3.64hn from DM3.186hn, while interest and commission costs climbed by 18.4 per cent to DM3.144bn from DM2.655bn, producing a surplus of DM496m, down by 6.6 per cent from a year ago.

Taking account of a 3.1 per cent rise in personnel and material costs to DM369m, the partial profit and loss account showed first-half earnings of DM127m, which is a full 26.6 per cent lower than a year ago.

West-LB, which acts as clearing house for the savings hanks organisation in the West German state of North Rhine-Westphalia and is active in almost all sectors of commercial banking, said that declining interest rates are "improving" expectationsh for the full year. But it could not make specific profit forecasts.

● Order inflow to the West German textile industry rose by 5.8 per cent in May from April but was off 10.7 per cent from May 1979, the Textile Industry Association reports. However, the May 1979 order inflow was unusually inflated, the Associatioo points ont.

In the first five months of 1980, textile order inflow rose by 3.8 per cent, while prodnction was np 5.5 per cent.

AP-DJ

Sea Malta to share routes

By Godfrey Grima in Valetta

SEA MALTA is to share equally freight routes hetween Malta and Belgium, West Germany, Holland, Italy and the UK with a number of foreign shipping lioes.

The agreement between the national carrier and foreign lines was announced in parliament by Mr. Wistin Ahela, the Development Minister.

Bank Leumi fund raising

BY L. DANIEL IN TEL AVIV

BANK LEUMI has announced plans to raise Is £1.5hn around $30m by way of a public offeriog, consisting of subordinated capital notes, Series Nine registered, due 1986-93.

Both the principal and the interest—the rate is still to be announced—are to be linked 70 per cent to the cost of living index. Holders of the capital notes will have the option from 1986 to redeem them by acquiring the right to purchase ordinary shares in the bank on terms to he fixed then.

Bank Leumi recently completed a Is£1.9bn financing issue and is in the process of raising $80m on the Eurobond market.

After the issue of the capital notes and the placing of the Eurobond issue, the Bank Leumi group will have raised Is£8bn in 1980.

Rapid first half earnings gains by AECI

BY JIM JONES IN JOHANNESBURG

AECI, South Africa's largest chemicals group, reports a 69.2 per ceot pre-tax profit advance for the six months ended June 30 to R85.3m ($112m) from R50.4m, and expects second-half profits to be significantly higher than those reported in 1979. Profit for all 1979 came to R125.4m.

First-hslf turnover was 39.8 per cent ahead at R551.2m ($723m) against R394.3m for the 1979 first half and R896m for the full-year.

Mr. Denys Marvin, the managing director said the results reflect the culmination of the company's heavy capital spending programme of the past few years. The 60 per cent-owned Coalplex plant, which produces PVC from a coal base, made its first contribution to profits, while a R7.8m dividend from the 49 per cent-owned Triomf Fertilizer was another major contributor.

Profit and turnover advances were broadly based, however, with particularly good growth rates for agricultural nitrogen, industrial chemicals, paints, plastic pipes, and vinyl products.

The board is pleased with the results and is confident of the future, but said that the improvement has done little more than raise the return on assets employed to an acceptable level.

The company expects operations to become increasingly coal-based. Chemical technologies based on coal have become increasingly competitive with escalating oil prices, while coal provides a more secure feedstock than imported oil. AECI is not rushing into methanol-based liquid fuels developments, but it is negotiating a technical information swap agreement on coal liquefaction with an American chemicals group.

An interim dividend of 18 cents, against 12 cents, has been declared from first half earnings per share of 36.2 cents, compared with 20.1 cents. In 1979 a total of 30 cents was paid from earnings per share of 51.5 cents.

AECI is controlled by Anglo-American Corporation and ICI, each with 40 per cent of the equity.

C. Itoh returns to strong growth

By Yoko Shibata in Tokyo

C. ITOH AND CO., Japan's third largest trading company, and its 101 consolidated subsidiaries returned to strong earnings growth in the fiscal year ended March 1980. C. Itoh's consolidated operating profits rose by 84.6 per cent to Y83.65bn ($373m), from the 1978-79 level net profits were Y32.83bn, to show a move into the black from the previous year's net deficit of Y1.790bn. Sales increased 33 per cent to Y9,184bn ($41bn). Profits per share were Y44.02, compared with a deficit of Y2.40.

The sales increase resulted partly from a gain in the physical volume of goods traded, especially non-ferrous metals, foodstuffs, and other primary products. Almost half the turnover rise, however, came from the higher value of oil imports. Imports increased sharply, to account for 20.2 per cent of the total turnover. Exports gained 22.6 per cent, to account for 18.3 per cent of the total. Offshore trade also showed a significant gain, up 32.5 per cent to account for 14.2 per cent of the total. Domestic turnover, accounting for 47.3 per cent of the total, advanced by 22.4 per cent. Turnover in the fuels and chemical sector increased by 40 per cent. Timber and paper turnover was up 48.8 per cent.

During the past year, the company ceased to be affected by the losses incurred on the disposition of its interest in Toa Oil and Toa Kyoseki Company.

In the current fiscal year, ending March, 1981, the company foresees such restraining factors as a slowdown in car sales caused by the U.S. recession, and the appreciation of the yen. As a result, it expects a setback in consolidated net earnings of 70 per cent, to Y10bn, on consolidated sales of Y11bn, up 20 per cent.

RECORD COMPANY PROFITS IN JAPAN

Facing oil crisis in leaner shape

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

JAPANESE COMPANY profits are a thermometer of the country's economic health. They fell by more than 40 per cent between September 1970 and March 1972 (the period which included the Nixon "shock" and the floating of the yen); by 90 per cent between March 1974 and September, 1975 (after the first oil crisis); and by 22 per cent between September 1977 and September 1978 (when the yen was climbing to its highest post-war level against the dollar).

Of course profits rose in the periods between, but March 1974 until recently stood out as a rather lonely peak in the corporate earnings "landscape." It was not topped until last September when profits of the country's 389 leading publicly owned companies edged up to a new "high" some 7 per cent above the early one.

In the following six month business term, to March 1980, the overall profit performance of Japanese companies showed little change, but those of companies in the manufacturing sector alone continued to improve rapidly to a level 24 per cent higher than the 1974 peak. The industry which dragged down the overall rating was electric power generation—in deep trouble until April because of the gap between its rapidly rising fuel costs and an unchanged electricity tariff.

The ability of Japanese industry to chalk up record profits one year after the eruption of the second oil crisis requires some explanation, especially in view of what happened after the first oil crisis. The explanation offered by most corporate analysts in Japan is that it was precisely because industry suffered so badly after the first oil crisis that it was able to cope successfully with the next.

Japanese industry spent the years from 1974 to 1978 improving its financial structure (that is improving the debt-equity ratio), painfully rationalising its use of labour and energy and, of course, developing new products that required a smaller input of imported energy to produce a given amount of value. The result was that the capacity utilisation rate at which major Japanese companies could break even was much lower on the eve of the second oil crisis than at start of its predecessor.

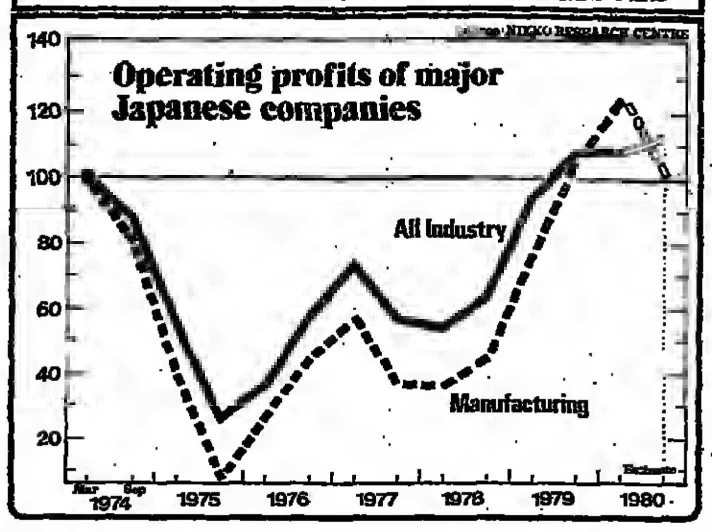
The second oil crisis, however, did not, initially, lead to any appreciable fall in the rate of operation of industry, because the Government resisted the temptation to throttle back drastically on economic growth as it had done in 1973. What happened instead was that prices, particularly of oil related products rose rapidly inside Japan while the yen weakened sharply against the dollar on the Tokyo foreign exchange market—by more than 30 per rent between late 1978 and the spring of 1980.

Higher prices for oil and other imported raw materials increased the costs of Japanese manufacturers from early 1979 onwards but the increase was offset by higher selling prices and by increased domestic demand for finished products. Meanwhile, the "cheap" yen turned out to be a bonus for exporters and for companies with overseas manufacturing interests.

Japanese industry invoices its exports in foreign currencies (usually dollars) and converts the proceeds into yen, with the result that the short-term effect of yen depreciation is to increase yen-denominated export revenue. The yen fell 10 per cent against the dollar in the six-month business term ending last March so that any company exporting 50 per cent of its output in this period stood to gain a 5 per cent profit windfall from a given volume of exports.

Only a minority of major Japanese companies are dependent on exports for more than half their total sales, but the list includes a number of famous names in which overseas investors are interested. Four large companies with particularly heavy exports (and particularly good results in the 1980 spring business term) are: Yamaha Motor (export dependence 62.5 per cent); Canon (72.2 per cent); Sony (61.3 per cent, including products manufactured overseas); and Honda (69.5 per cent). Needless to say, these companies and others like them achieved big increases in the volume as well as in the profitability of their exports.

HOW CORPORATE PROFITS HAVE MOVED



The happy combination of factors which pushed profits up to peak levels in the spring of 1980 will not apply in September when the next batch of results is due. The yen has recovered steeply from its low point of just over Y260 to the dollar in early April to around Y224, so that foreign exchange windfalls will be less in evidence. At the same time the first signs of a downturn are appearing in Japan's domestic economy. The result will be to reduce the profits of manufacturing industry below the March peak, although the counter-cyclical electric power industry should perform better (because of a sharp increase in electricity rates in April).

Japanese analysts differ about the likely amount of the decline in manufacturing industry profits. The Nikko Research Centre sees an 18.2 per cent fall in operating profits for major companies other than electric power generators, while Okasan Securities believes profits in the manufacturing sector will be only 6.5 per cent lower. What is agreed, however, is that profits will not fall in delayed reaction to the 1979 oil crisis by anything like the amount they fell after March, 1974.

A much smaller downturn in economic activity is one reason for this confidence. The second reason includes the leanness of most Japanese companies today, not only as a result of rationalisation but also in terms of inventories. Japanese manufacturing companies had inventories equivalent to 2.48 months of sales at the start of the 1974-75 recession. In March, 1980, the figure was two months, with a corresponding reduction in the cost of inventory finance.

What happens in the next business term, to March 1981, is a question on which Japanese analysts are still in the process of making up their minds. Two months ago it was expected that the domestic economy would touch the bottom of a mild recession in the third or fourth quarter of 1980 and that demand would pick up after that (in response to a relaxation of domestic credit restraints) in time to produce a recovery of corporate profits well before next spring.

Today it looks as if the slowdown is going to come later and be more acute than was originally expected. There could, accordingly, be some overall decline in corporate profits at the end of the March, 1981 business term, but the margin of any such decline seems unlikely to be more than 10 per cent. If this is the worst that Japanese industry has to pay for passing through the second oil crisis it will have very little cause for complaint.

COMPANY NOTICES

HOPE STREET FUND S.A.

société anonyme
14, rue Aldringen, LUXEMBOURG
DIVIDEND ANNOUNCEMENT

The shareholders are hereby informed that the Annual General Meeting of July 18th, 1980 has approved the payment of a dividend of $USA 0.40 per share to shares subscribed and in circulation on July 18th, 1980 payable immediately against presentation of coupon number 11.

The shareholders can cash the dividend at following banks:
—Banque Générale du Luxembourg, S.A., 27, avenue Monterey LUXEMBOURG
—Clydesdale Bank Ltd., 30, Lombard Street, London.

The Board of Directors.

MURRAY FUND S.A.

société anonyme
14, rue Aldringen, LUXEMBOURG
DIVIDEND ANNOUNCEMENT

The shareholders are hereby informed that the Annual General Meeting of July 18th, 1980 has approved the payment of a dividend of $USA 0.135 per share to shares subscribed and in circulation on July 18th, 1980 payable immediately against presentation of coupon number 11.

The shareholders can cash the dividend at following banks:
—Banque Générale du Luxembourg, S.A., 27, avenue Monterey LUXEMBOURG
—Clydesdale Bank Ltd., 30 Lombard Street, London.

The Board of Directors.

HITACHI LTD.

ORDINARY SHARES BDRs ISSUED BY CITIBANK N.A.

NOTICE IS HEREBY GIVEN that a dividend due 28th July 1980 to holders of BDRs as at 31st March 1980 may now be claimed at the rate shown below on presentation of coupon No. 23 detached from BDRs of 10 shares each and coupon No. 18 detached from BDRs of 50 shares each to the undersigned:

Gross dividend per share	= US$0.013674
Less 15% Japanese Withholding Tax	= US$0.002051
Net dividend	= US$0.011623

United Kingdom Income Tax at the reduced rate of 15% in the £ will be deducted from the amount of this dividend except in cases where coupons are accompanied by a United Kingdom Inland Revenue Affidavit of non-residence. Special listing forms are available from the undersigned:
Citibank NA
Friars House
39/41 New Broad Street
London EC2

URUGUAY 3½% CONSOLIDATED DEBT 1891

Williams & Glyn's Bank Limited hereby give notice that they will be prepared to pay on 1st August 1980, the coupons due on that date of the abovementioned debt. Coupons must be left three clear days for examination.

5-10 Great Tower Street,
London, EC3.

TANKS CONSOLIDATED INVESTMENTS LIMITED

NOTICE TO HOLDERS OF ORDINARY STOCK
DIVIDEND NUMBER 66

NOTICE IS HEREBY GIVEN that the Final Dividend recommended on 3rd June 1980, at the rate of 8p per 50p unit of Ordinary Stock for the year ended 31st December 1979, will be paid on or after 8th August 1980, to Stockholders registered in the books of the Company on 11th July 1980, and to holders for the time being of Stock Warrants to Bearer as indicated below.

Holders of Stock Warrants to Bearer should arrange for Coupons No. 66 therefrom to be lodged at the office of the Company's Paying Agents:
Tanganyika Holdings Limited
6 John Street
London WC1N 2ES
or to deposit such Coupons in BRUSSELS at:
Societe Générale de Banque
3 Montagne du Parc
or
Banque Bruxelles Lambert
24 Avenue Marnix
or in PARIS at:
Credit du Nord et Union Parisienne
6 & 8 Boulevard Haussmann
or
Messrs Lazard Freres & Cie
5 Rue Pillet-Will
or in SWITZERLAND at:
Swiss Bank Corporation
Aeschenvorstadt 1
Basle
and all its Swiss Offices
or LUXEMBOURG at:
Banque Générale du Luxembourg
14 rue Aldringen
or
Banque Internationale a Luxembourg
2 Boulevard Royal.

Coupons presented for payment in Brussels, Paris, Switzerland or Luxembourg will require to be accompanied by declarations to the effect that they have neither been received from, nor are the property of residents in the United Kingdom.

United Kingdom Income Tax at the rate of 30% will be deducted:—
(a) Where holders' registered addresses are situated in Great Britain or Northern Ireland;
(b) Where other holders on the Principal Register have appointed Agents in Great Britain or Northern Ireland for the receipt of Dividends for their Account;
(c) From payments made in respect of coupons presented in London, unless such coupons are accompanied by Inland Revenue Declarations.

By Order of the Board
BAHAMAS INTERNATIONAL TRUST COMPANY LTD.
Secretaries.

Dated the 25th day of July 1980.
P.O. Box N7768
Nassau, Bahamas.

MITSUI AND CO.

ORDINARY EDRs ISSUED BY CITIBANK N.A.

NOTICE IS HEREBY GIVEN that a dividend due 28th July 1980 to holders of EDRs as at 31st March 1980 may now be claimed at the rate shown below on presentation of coupon No. 25 to the undersigned

Gross dividend per share	= US$0.015754
Less 15% Japanese Withholding Tax	= US$0.002363
Net dividend	= US$0.013391

United Kingdom Income Tax at the reduced rate of 15% in the £ will be deducted from the amount of this dividend except in cases where coupons are accompanied by a United Kingdom Inland Revenue Affidavit of Non-Residence. Special listing forms are available from the undersigned:
Citibank N.A.
Friars House,
39/41 New Broad Street,
London, EC2.

Latest offer for UIC fails

By Georgia Lee in Singapore

THE TAKEOVER battle for the United Industrial Corporation (UIC), the chemical and property group, has come to a halt. Its last suitor, Tang Eng Private has failed to acquire the group.

Tang Eng, whose chairman, Mr. Lee Kim Yew, is also the chairman of UIC, offered S$5.50 (U.S.$2.60) per share for the UIC equity. The offer was conditional on acceptances of more than 50 per cent of the issued capital of 17.7m shares of S$1 par each. When the offer closed acceptances were below the 50 per cent requirement.

Morgan Grenfell, Asia, which was advising shareholders of UIC, had recommended a rejection of Tang Eng's offer on the grounds that the offer price was below its own valuation of S$6.05 a share.

Wheelock Marden

Consolidated net profits of Wheelock Marden and Company for the year to March were HK$ 168.6m, before extraordinary profits of HK$ 117.2m and an unrealised exchange loss of HK$ 9.2m. The net profits of HK$ 276.6m attributable to the group, however, are struck after allowing for the exchange loss, not as reported on Saturday. The bonus dividend on the company's "A" shares was 5 cents.

CURRENCIES, MONEY and GOLD

BA WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economic Department, London

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, July 23, 1980. The Exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT and SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT and SA nor the Financial Times assume responsibility for errors.

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (O)	44.00
Albania	Lek	4.2346
Algeria	Dinar	3.8323
Andorra	French Franc	4.0322
	Spanish Peseta	70.90
Angola	Kwanza	27.627
Antigua	E. Caribbean $	2.7093
Argentina	Argentine Peso	1872.50
Australia	Australian $	0.8606
Austria	Schilling	12.343
Azores	Portug. Escudo	48.98
Bahamas	Bahamian $	1.00
Bahrain	Dinar	0.3778
Balearic Isles	Spanish Peseta	70.90
Bangladesh	Taka	14.6487
Barbados	Barbados $	2.01
Belgium	B. Franc (C)	27.83
	B. Franc (F)	27.96
Belize	Belize $	2.00
Benin	C.F.A. Franc	201.91
Bermuda	Bda $	1.00
Bhutan	Indian Rupee	7.77
Bolivia	Bolivian Peso	25.00
Botswana	Pula	0.7731
Brazil	Cruzeiro	53.21
Brit. Virgin Isles	U.S. $	1.00
Brunei	Brunei $	2.108
Bulgaria	Lev	0.879
Burma	Kyat	6.7971
Burundi	Burundi Franc	90.00
Cameroun Republic	C.F.A. Franc	201.91
Canada	Canadian $	1.1529
Canary Islands	Spanish Peseta	70.90
Cape Verde Isle.	Cape V. Escudo	36.51
Cayman Islands	Cay. Is. $	0.836
Cent. Af. Rep.	C.F.A. Franc	201.91
Chad	C.F.A. Franc	201.91
Chile	Chilean Peso (D)	39.00
China	Renminbi Yuan	1.4907
Colombia	Col. Peso (O)	47.52
Comoros Islands	C.F.A. Franc	201.91
Congo (Brazzaville)	C.F.A. Franc	201.91
Costa Rica	Colon	8.57
Cuba	Cuban Peso	0.707
Cyprus	Cyprus Pound	0.3599
Czechoslovakia	Koruna (D)	5.50
Dem. Rep. S'oTome & Principe	S. Tome Dobra	34.0191
Denmark	Danish Krone	5.388
Djibouti Rp. of	Djibouti Franc	169.804
Dominica	E. Caribbean $	2.7095
Dominican Repub.	Domin'cn Peso	1.00
Ecuador	Sucre	29.10
Egypt	Pound (3)	0.69
El Salvador	Colon	2.50
Equatorial Guinea	Ekuele	70.90
Ethiopia	Birr (D)	2.0865
Faroe Islands	Danish Krone	5.382
Falkland Islands	Falkland Is. £*	9.3951
Fiji Islands	Fiji $	0.8061
Finland	Markka	3.597
France	French Franc	4.0392
French C'ty in Af.	C.F.A. Franc	201.91
French Guiana	Local Franc	4.0389
French Pacific Is.	C.F.P. Franc	71.2758
Gabon	C.F.A. Franc	201.91
Gambia	Dalasi	1.9771
Germany (East)	Ostmark (O)	1.7407
Germany (West)	Deutschemark	1.7407
Ghana	Cedi	2.75
Gibraltar	Pound*	2.3951
Gilbert Is.	Kiribati	0.8606
Greece	Drachma	43.60
Greenland	Danish Krone	5.382
Grenada	E. Caribbean $	2.7025
Guadaloupe	Local Franc	4.0388
Guam	U.S. $	1.00
Guatemala	Quetzal	1.00
Guinea Bissau	Peso	33.0723
Guinea Republic	Syli	18.5579
Guyana	Guyanese $	2.543
Haiti	Gourde	5.00
Honduras Repub.	Lempira	2.00
Hong Kong	H.K. $	4.81
Hungary	Forint (O)	32.6022
Iceland	I. Krona	489.70
India	Ind. Rupee	7.77
Indonesia	Rupiah	695.00
Iran	Rial	69.50
Iraq	Iraq Dinar	0.2953
Irish Republic	Irish Punt*	2.1507
Israel	Israeli Pound (4)	51.09
Italy	Lira	827.16
Ivory Coast	C.F.A. Franc	201.91
Jamaica	Jamaican Dollar	1.7836
Japan	Yen	224.30
Jordan	Jordan Dinar	0.291
Kampuchea	Riel	n.a.
Kenya	Kenya Shilling	7.8622
Korea (Nth)	Won	0.94
Korea (Sth)	Won	603.00
Kuwait	Kuwait Dinar	0.967
Lao P'pls D. Rep	Kip of Lib.	16.00
Lebanon	Lebanese Pound	3.4115
Lesotho	Loti	0.7623
Liberia	Liberian $	1.00
Libya	Libyan Dinar	0.2961
Liechtenstein	Swiss Franc	1.6005
Luxembourg	Lux Franc	27.83
Macao	Pataca	5.305
Madagascar D. R.	MG Franc	201.91
Madeira	Portuguese Escudo	48.68
Malawi	Kwacha	0.7926
Malaysia	Ringgit	2.139
Maldive Islands	Mal Rupee	3.93
Mali Republic	Mali Franc	403.82
Malta	Maltese Pound	0.3393
Martinique	Local Franc	4.0382
Mauritania	Ouguiya	40.382
Mauritius	M. Rupee	7.6178
Mexico	Mexican Peso	22.81
Miquelon	French Franc	4.0382
Monaco	French Franc	4.0399
Mongolia	Tugrik (O)	3.3555
Montserrat	E. Caribbean $	2.7025
Morocco	Dirham	3.7028
Mozambique	Moz. Escudo	32.3217
Namibia	Rand	0.7693
Nauru Is.	Aust. $	0.8606
Nepal	Nepalese Rupee	12.00
Netherlands	Dutch Guilder	1.9027
Netherland Antilles	Antillian Guild	1.80
New Hebrides	Aust. $	0.8606
	FNH	65.9586
New Zealand	NZ $	1.0119
Nicaragua	Cordoba	10.00
Niger Republic	C.F.A. Franc	201.91
Nigeria	Naira (D)	0.5419
Norway	Norw'g Krone	4.80
Oman, Sultanate of	Rial Omani	0.3456
Pakistan	Pkst. Rupee	9.91
Panama	Balboa	1.00
Papua N.G.	Kina	0.6587
Paraguay	Guarani	137.30
Peoples D. Repub. of Yemen	S. Yemen Dinar	0.3415
Peru	Sol	270.24
Philippines	Ph. Peso	7.50
Pitcairn Islands	NZ $	1.0116
Poland	Zloty (O)	31.00
Portugal	Port. Escudo	48.68
Port Timor	Timor Escudo	n.a.
Puerto Rico	U.S. $	1.00
Qatar	Qatar Ryal	3.678
Reunion Ile de la	French Franc	4.0388
Romania	Leu	4.47
Rwanda	Rwanda Franc	92.84
St. Christopher	E. Caribbean $	2.7096
St. Helena	Sterling*	2.3231
St. Lucia	E. Caribbean $	2.7025
St. Pierre	Fr Franc	4.0399
St. Vincent	E. Caribbean $	2.7023
Samoa American	U.S. $	1.00
San Marino	Italian Lira	827.16
Saudi Arabia	Saudi Riyal	3.3192
Senegal	C. F. A. Franc	201.91
Seychelles	S. Rupee	6.5889
Sierra Leone	Leone	0.8395
Singapore	Singapore $	2.108
Solomon Islands	S.I. $	0.8606
Somali Republic	Som. Shilling	6.0241
South Africa	Rand	0.7683
Spain	Peseta.	70.90
Spanish Ports in North Africa	Sp. Peseta	70.90
Sri Lanka	S. L. Rupee	15.45
Sudan Republic	Pound (2)	0.50
Sudan Republic	Pound (1)	0.80
Surinam	S. Guilder	1.80
Swaziland	Lilangeni	0.7623
Sweden	S. Krona	4.1195
Switzerland	Swiss Franc	1.6005
Syria	Syria Pound.	3.9962
Taiwan	New Taiwan (D).	36.00
Tanzania	Tan Shilling	8.2893
Thailand	Baht.	20.50
Togo Republic	C.F.A. Franc	201.91
Tonga Islands	Pa'anga	0.8606
Trinidad & Tob.	Trin. & Tob. $	2.4063
Tunisia	Tunisian Dinar	0.4161
Turkey	Lira	74.45
Turks & Caicos	U.S. $	1.00
Tuvalu	Australian $	0.8606
Uganda	Ug. Shilling	7.9629
United Arab Emir.	UAE Dirham	3.6905
United Kingdom	£ Sterling*	2.3951
Upper Volta	C.F.A. Franc	201.91
Uruguay	Urug. Peso	9.054
U.S.S.R.	Rouble	0.6436
Vatican	Italian Lira	827.15
Venezuela	Bolivar	4.2937
Vietnam N.	Dong (O)	2.19
Virgin Islands U.S.	U.S. $	1.00
Western Samoa	Samoan Tala	0.9009
Yemen	Rial	4.57
Yugoslavia	New Y. Dinar	27.30
Zaire Republic	Zaire Zaire	1.9666
Zambia	Kwacha	0.77
Zimbabwe	Zim $	0.6935

n.a. Not available. * U.S. dollars per National Currency unit. (D) Official rate. (C) Commercial rate. (F) Financial rate.
(1) Sudan—Official rate for specified exports and imports. (2) Sudan—Official rate for all transactions except specified exports and imports.
(3) Egypt—A different rate applies to certain transactions with non-IMF countries.
(4) Israeli Government are changing their currency to Shakels. However dealers are currently quoting in pounds.

£ remains firm

Sterling continued to advance in the foreign exchange market yesterday, helped by the lack of change in Bank of England Minimum Lending Rate, and the further downward trend in U.S. interest rates. The pound opened at $2.3810-$2.3820, and eased to $2.3800-$2.3810, but generally showed little movement before the announcement on MLR. It then rose steadily, from $2.3830-$2.3840 at mid-day to a peak of $2.3990-$2.4000 in the afternoon. Demand for sterling was strong in New York following news of the cut in Chase Manhattan and Chemical Bank prime lending rates to 10¾ per cent. There may have been some intervention to stem the pound's advance towards the close, and it finished at $2.3960-$2.3970, a rise of 1.17 cents on the day, the highest closing level since March 1975.

Sterling's trade-weighted index, as calculated by the Bank of England, rose to 75.2 from 75.0, the firmest point since mid-1975, after standing at 74.9 at noon and in the morning.

The dollar lost ground against major currencies in general, falling to DM 1.7350 from DM 1.7400 against the D-mark, to SwFr 1.5940 from SwFr 1.6000 in terms of the Swiss franc, and to Y223.10 from Y224.00 against the Japanese yen. The U.S. currency's index, on Bank of England figures, fell to 83.1 from 83.4.

D-MARK — Slightly weaker within the European Monetary System recently, but showing a firmer tendency against the dollar following a sharp narrowing of interest rates differentials—The Bundesbank made no change to its credit policies and key lending rates yesterday, and the D-mark was quite firm at the Frankfurt fixing. The German authorities did not intervene when the dollar fell to DM 1.7388 from DM 1.7396, while sterling declined to DM 4.1460 from DM 4.1520, but the Swiss franc rose to DM 1.0884 from DM 1.0876. The Japanese yen improved at the fixing, rising to DM 7.780 per 1,000 yen from DM 7.770, but eased later on uncertainty about Middle East oil supplies and prices, and speculation about a cut in Japan's discount rate. Within the EMS the French franc fell to DM 43.06 per 100 francs from DM 43.08, and the Irish punt to DM 3.7470 from DM 3.7580. The lira was unchanged at DM 2.103 per 1,000 lira, but the Dutch guilder rose to DM 91.50 from DM 91.45, and the Belgian franc to DM 6.251 per 100 francs from DM 6.250.

ITALIAN LIRA — Still the weakest currency within the EMS, but showing a steadier tendency following the early July support package — The lira showed mixed changes at the Milan fixing. The dollar fell to L826.45 from L827.20, and sterling to L1,970.80 from L1,974.40, while the Swiss franc rose to L517.40 from L516.82. Among EMS members the French franc was unchanged at L204.85 and the Danish krone at L153.70. The D-mark rose to L475.62 from L475.55, the Belgian franc to L29.75 from L29.717, and the Dutch guilder to L435.16 from L434.83. The Irish punt fell to L1,783.75 from L1,786.50.

JAPANESE YEN — Showing weaker trend again after marked recovery on the downward trend in U.S. interest rates. Last year fears about energy supplies and balance of payments problems severely depressed the currency — The yen showed a slight improvement in active Tokyo trading. The dollar rose to Y223.70 from Y223.15, but retreated from its opening level of Y224.30. Fears of a cut in the Bank of Japan's discount rate, and speculation about Japanese oil purchases on the spot market, continued to undermine the yen.

THE POUND SPOT AND FORWARD

July 24	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.3800-2.4000	2.3960-2.3970	1.57-1.47c pm	7.61	3.65-3.55 pm	[illegible]
Canada	2.7450-2.7660	2.7620-2.7630	1.50-1.40c pm	6.39	3.27-3.17 pm	[illegible]
Nethlnd.	4.51½-4.56	4.54½-4.55½	2¼-1¼c pm	5.94	6¼-5¼ pm	[illegible]
Belgium	66.15-66.80	66.45-66.55	17-7c pm	2.16	37-27 pm	[illegible]
Denmark	12.80½-12.90	12.85½-12.86½	7¼-2¼ore dis	−1.52	7¼-8¼ dis	[illegible]
Ireland	1.1030-1.1110	1.1092-1.1102	0.08-0.04p pm	0.65	0.30-0.24 pm	[illegible]
W. Ger.	4.13½-4.17	4.15½-4.16½	3-2pf pm	7.21	7-6 pm	[illegible]
Portugal	115.90-119.90	118.50-118.80	15c pm-25 dis	−0.51	35pm-90dis	[illegible]
Spain	168.75-170.20	169.55-169.65	70-125c dis	−6.90	282-380 dis	[illegible]
Italy	1,969-1,981	1,976½-1,977½	12¼-15¼ lire dis	−8.34	43-46 dis	[illegible]
Norway	11.42-11.52	11.48½-11.49½	7¼-5¼ore pm	6.79	15¼-14¼ pm	[illegible]
France	9.61-9.68	9.65¼-9.66¼	4¼-3¼c pm	4.66	8¼-7¼ pm	[illegible]
Sweden	9.79-9.88	9.83½-9.84½	3-2¼ore pm	3.20	3¼-2¼ pm	[illegible]
Japan	530-538	534½-535½	1.50-1.10y pm	2.91	3.25-2.85 pm	[illegible]
Austria	29.35-29.55	29.47-29.52	14-11gro pm	5.08	32-26 pm	[illegible]
Switz.	3.80-3.83	3.81½-3.82½	4-3c pm	10.99	9¼-8¼ pm	[illegible]

Belgian rate is for convertible francs. Financial franc 66.75-66.85. Six-month forward dollar 5.30-5.20c pm. 12-month 7.25-7.15c pm.

THE DOLLAR SPOT AND FORWARD

July 24	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.3800-2.4000	2.3960-2.3970	1.57-1.47c pm	7.61	3.65-3.55 pm	[illegible]
Ireland†	2.1548-2.1600	2.1580-2.1600	1.55-1.45c pm	8.34	3.78-3.68 pm	[illegible]
Canada	1.1518-1.1533	1.1520-1.1523	0.22-0.25c dis	−2.45	0.50-0.55dis	[illegible]
Nethlnd.	1.8990-1.9010	1.8990-1.9000	0.18-0.28c dis	−1.45	0.36-0.45dis	[illegible]
Belgium	27.73-27.80	27.73-27.75	10-11½c dis	−4.65	26-28½dis	[illegible]
Denmark	5.3725-5.3825	5.3735-5.3760	3¼-4¼ore dis	−8.93	11¼-12 dis	[illegible]
W. Ger.	1.7325-1.7395	1.7345-1.7365	0.03-0.06pf dis	−0.31	0.14-0.10 pm	[illegible]
Portugal	48.60-48.78	48.60-48.70	25-40c dis	−8.02	80-110 dis	[illegible]
Spain	70.82-70.95	70.82-70.90	70-95c dis	−13.97	230-260dis	[illegible]
Italy	825.25-826.85	825.25-825.65	9¼-11 lire dis	−14.72	28-31 dis	[illegible]
Norway	4.7955-4.8030	4.7960-4.7975	0.10orepm-0.04dis	−0.37	0.85-1.35dis	[illegible]
France	4.0230-4.0390	4.0280-4.0295	0.90-1.00c dis	−2.83	2.60-2.75dis	[illegible]
Sweden	4.1050-4.1160	4.1050-4.1070	1.55-1.75ore dis	−4.82	5.80-5.20dis	[illegible]
Japan	222.80-224.10	223.05-223.15	0.70-0.85y dis	−4.17	1.90-2.05dis	[illegible]
Austria	12.31¼-12.34	12.31¼-12.32¼	2.10-2.70gro dis	−2.34	5.60-7.25dis	[illegible]
Switz.	1.5900-1.6015	1.5935-1.5945	0.54-0.49c pm	3.88	1.54-1.49 pm	[illegible]

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

July 24	Bank of England Index	Morgan Guaranty Changes %
Sterling	76.2	−31.3
U.S. dollar	83.1	−10.3
Canadian dollar	81.4	−16.4
Austrian schilling	158.2	+24.5
Belgian franc	116.7	+16.3
Danish kroner	108.4	−3.5
Deutsche mark	157.0	+44.9
Swiss franc	201.9	+81.2
Guilder	126.6	+20.4
French franc	102.6	−5.2
Lira	63.4	−51.8
Yen	126.6	+24.5

Based on trade weighted changes from Washington agreement December, 1971. (Bank of England Index=100).

CURRENCY RATES

July 23	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	16	0.557187	0.606682
U.S. $	11	1.30967	1.44708
Canadian $	10.35	1.53417	1.66653
Austria Sch	6¾	16.4095	17.8610
Belgium F	12	37.0080	40.2750
Danish K	13	7.15695	7.79108
D'mark	7½	2.31309	2.51799
Guilder	9	2.52070	2.75278
French Fr.	9½	5.36655	5.84403
Lira	15	1099.97	1197.10
Yen	9	296.782	324.608
Norwgn. Kr.	9	6.37979	6.94599
Spanish Pts.	8	94.1406	102.826
Swedish Kr.	10	5.45627	5.95112
Swiss Fr.	3	2.12747	2.31576

OTHER CURRENCIES

July 24	£	$		£ Note Rates
Argentina Peso	4483-4503*	1872-1879	Austria	29.30-29.60
Australia Dollar	2.0625-2.0665	0.8610-0.8615	Belgium	66.55-67.15
Brazil Cruzeiro	127.07-128.07	53.11-53.31	Denmark	12.80-12.90
Finland Markka	8.61¼-8.62¼	3.5980-3.5990	France	9.58-9.64
Greek Drachma	101.431-103.785	42.45-42.80	Germany	4.14-4.17
Hong Kong Dollar	11.78¼-11.80¼	4.9180-4.9200	Italy	1930-2010
Iran Rial	n.a.	n.a.	Japan	534-539
Kuwait Dinar (KD)	0.632-0.658	0.2657-0.2668	Netherlands	4.52½-4.56½
Luxembourg Frc.	66.45-66.55	27.75-27.78	Norway	11.42-11.52
Malaysia Dollar	5.1200-5.1350	2.1365-2.1385	Portugal	112-116
New Zealand Dlr.	2.4250-2.4300	1.0120-1.0130	Spain	164¼-171¼
Saudi Arab. Riyal	7.87-7.93	3.3190-3.3205	Sweden	9.76-9.86
Singapore Dollar	5.0475-5.0600	2.1060-2.1080	Switzerland	3.80¼-3.85
Sth. African Rand	1.8250-1.82[illegible]	0.7615-0.7620	United States	2.39½-2.40½
U.A.E. Dirham	8.75-8.81	3.6880-3.6900	Yugoslavia	93-66½

* Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU July 24	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	40.2582	+1.19	+0.43	±1.53
Danish Krone	7.72336	7.79038	+0.87	+0.12	±1.64
German D-Mark	2.48208	2.51756	+1.43	+0.68	±1.125
French Franc	5.84700	5.84605	−0.02	−0.77	±1.3557
Dutch Guilder	2.74362	2.75222	+0.31	−0.44	±1.512
Irish Punt	0.668201	0.671628	+0.51	−0.24	±1.668
Italian Lira	1157.79	1197.19	+3.40	+2.77	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

July 24	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.397	4.160	536.0	9.663	3.820	4.548	1977.	2.763	66.50
U.S. Dollar	0.417	1.	1.736	223.2	4.032	1.594	1.898	825.0	1.153	27.75
Deutschemark	0.240	0.576	1.	128.6	2.323	0.918	1.093	475.2	0.664	15.99
Japanese Yen 1,000	1.869	4.479	7.776	1000.	18.06	7.140	8.500	3695.	5.164	124.3
French Franc 10	1.035	2.480	4.309	553.7	10.	3.953	4.706	2046.	2.859	68.82
Swiss Franc	0.262	0.627	1.089	140.1	2.529	1.	1.190	517.6	0.723	17.41
Dutch Guilder	0.220	0.527	0.915	117.6	2.125	0.840	1.	434.7	0.607	14.62
Italian Lira, 1,000	0.506	1.212	2.104	270.6	4.887	1.932	2.300	1000.	1.397	33.64
Canadian Dollar	0.362	0.868	1.509	193.7	3.491	1.383	1.646	715.7	1.	24.07
Belgian Franc 100	1.504	3.604	6.256	804.5	14.53	5.744	6.839	2973.	4.154	100.

FT LONDON INTERBANK FIXING (11.00 a.m. JULY 24)

3 month U.S. dollars		6 month U.S. dollars	
bid 9 1/8	offer 9 1/4	bid 9 3/8	offer 9 1/2

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris, and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market Closing Rates)

July 24	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	17-17¼	8¼-8½	9½-10½	10-10¼	1⅝-1⅞	9 1/16-9 3/16	11⅝-11⅞	14¼-17¼	24¾-24⅞	12¾-13⅛
7 days' notice	16½-16¾	9⅜-9⅝	9½-10½	10-10¼	5½-6	9⅛-9¼	11⅝-11⅞	20¼-23¼	8 11/16-8 13/16	15¼-15¾
Month	16 7/16-16 11/16	8¾-9	10⅜-10⅝	10-10¼	4 11/16-4 13/16	0⅛-2¼	11⅝-11⅞	33¼-24¾	8 13/16-9 1/16	13-13¼
Three months	15¼-15½	9-9¼	10½-10¾	10-10¼	5⅛-5¼	8 11/16-8 13/16	11⅝-11⅞	23¼-24¼	9⅛-9¼	12¾-12⅞
Six months	14⅛-14⅜	9 1/16-9 3/16	10½-10¾	9⅞-10⅛	5 3/16-5 5/16	8 11/16-8 13/16	11⅝-12⅞	23¼-24¼	9⅜-9½	11⅜-11⅝
One Year	13 1/16-13 3/16	9½-9¾	10½-10¾	9¾-10	4 15/16-5 1/16	8-8⅛	11⅞-12⅛	[illegible]	9⅝-9¾	9¾-10

Long-term Eurodollar two years 10½-10¾ per cent; three years 10¾-10⅞ per cent; four years 10¾-11 per cent; five years 10⅞-11⅛ per cent; nominal closing rate. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen: others two-days' notice. Asian rates are closing rates in Singapore.
The following nominal rates were quoted for London dollar certificates of deposit: one-month 9.75-8.80 per cent; three-months 9.75-8.85 per cent; six-months 9.75-8.85 per cent; one year 9.05-9.15 per cent.

INTERNATIONAL MONEY MARKET

Paris rates ease

Short-term interest rates continued to decline in Paris yesterday, with call money touching its lowest level since February 18, at 11⅞ per cent, compared with 11¾ per cent on Wednesday. This follows the downward trend in international interest rates recently, notably in New York where the Federal Reserve's move to add reserves to the banking system on Wednesday, tended to confirm that the U.S. authorities may have decided on a further slight easing of monetary policy. Rumours of a cut in the West German and Japanese discount rates, coupled with the falling U.S. rates, have depressed the D-mark, Yen and Dollar recently, while the French franc has been very strong for several months at the top of the European Monetary System.

The easier trend in Paris was also reflected in the shorter periods, with one-month and three-month funds declining to 11⅝-11⅞ per cent from 11¾-11⅞ per cent. Six-month and 12-month money were unchanged at 11½-11⅝ per cent.

In Frankfurt interest rates showed no change ahead of the Bundesbank central council meeting, as the market awaited the outcome of the last session before the summer recess, as generally expected there was no cut interest rates by the German central bank yesterday, and credit policies were unchanged.

UK MONEY MARKET

Small help

Bank of England Minimum Lending Rate 16 per cent (since July 3, 1980)

Day-to-day credit was in slightly short supply in the London money market yesterday, and the authorities gave small assistance by buying a small amount of Treasury bills from the discount houses, and by making small loans available to four or five houses, overnight at Minimum Lending Rate. Banks brought forward moderate surplus balances, and there was a small decrease in the note circulation, but these were outweighed by a small net take up of Treasury bills, and a moderate excess of revenue payments to the Exchequer over Government disbursements. Discount houses paid up to 16 per cent for secured call loans at the start, with closing balances taken at 15¾-16 per cent.

GOLD

Further rise

Gold rose quite sharply in late trading in the London bullion market yesterday, following further cuts in U.S. bank prime rates and the dollar's weaker trend. It closed at $640-643, a rise of $10 on the day, after touching a peak of $648½-650½ in the afternoon. The metal opened at $631-634, the lowest level of the day, and was fixed at $635.50 in the morning and $643 in the afternoon.

In Paris the 12½ kilo gold bar was fixed at FFr 82,400 per kilo ($635.36 per ounce) in the afternoon, compared with FFr 82,500 ($635.93) in the morning, and FFr 82,500 ($635.77) Wednesday morning.

In Frankfurt the 12½ kilo bar was fixed at DM35,495 per kilo ($635.02 per ounce), compared with DM35,230 ($629.95) previously, and finished at $642-645, against $630-633 on Wednesday.

In Zurich gold closed at $642-645, compared with $629-632 previously.

	July 24		July 23	
Gold Bullion (fine ounce)				
Close	$640-643	(£265.95-268.2)	$630-633	(£264.15-265.4)
Opening	$631-634	(£264.9-265.2)	$633-636	(£265-266.25)
Morning fixing	$635.50	(£265.714)	$632	(£264.790)
Afternoon fixing	$643	(£268.051)	$631.25	(£264.648)
Gold Coins				
Krugerrand	$661-663	(£275¾-277¾)	$654-656	(£274-276)
Mapleleaf	$654-659	(£272½-274½)	$648-652	(£271-274)
New Sovereigns	$162¼-165¼	(£67½-68½)	$160-161	(£67-68)
King Sovs	$186-189	(£78½-78½)	$185-187	(£77½-78½)
Victoria Sovs	$186-189	(£73½-78½)	$185-187	(£77½-78½)
French 20s	$167-170		$165-168	
60 pesos Mexico	$786-794		$776-785	
100 Cor. Austria	$625-633		$620-628	
$20 Eagles	$753-757		$752-756	
$10 Eagles	—		—	
$ 5 Eagles	—		—	

MONEY RATES

NEW YORK

Prime Rate	10¾-11½
Fed. Funds	9½-8¾
Treasury Bills (13-week)	7.84
Treasury Bills (26-week)	7.92

GERMANY

Discount Rate	7.5
Overnight Rate	8.70
One month	8.70
Three months	8.80
Six months	9.05

FRANCE

Discount Rate	9.5
Overnight Rate	11.625
One month	11.6875
Three months	11.6875
Six months	11.5625

JAPAN

Discount Rate	9.0
Call (Unconditional)	12.75
Bills Discount (three-month)	12.8125

LONDON MONEY RATES

July 24 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	16-12⅞	—	—	—	16⅛	15¼-16	—	—	—
2 days notice	—	—	12⅝-16¾	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	16⅝-17	16¾	—	—	—	—	—	—	—
One month	16⅜-16¼	12⅝-16⅝	10½-16⅝	—	17¼	16¾-17¼	15⅝-12¾	—	—	—
Two months	16-16⅞	15½-16⅛		17⅛-17⅝	16¾	16¾	15⅝-15¾	14⅝-14⅜	16 1/16	12⅞
Three months	15⅝-16¼	15⅜-15 11/16	16⅛-16⅝	17-17¼	16⅞	—	15⅛	14⅝	15 15/16	16⅛
Six months	14 11/16-14⅛	14¼-14½	14⅝-14½	15⅛-16⅞	15⅞	15¾-16½	14¾	14⅝	14⅞	15⅝
Nine months	13⅛-13⅝	13⅝-13 11/16	—	14⅛-14½	14⅝	13	—	—	13⅞-13⅛	15⅞
One Year	13 1/16-12 11/16	13 11/16-16⅛	16⅛-13⅝	13¾-14⅛	13 13/16	14½	—	—	—	—
Two years	—	—	13⅛-13¼	13¼-13⅝	13⅝	14½	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rate nominally three years 13¾-13¾ per cent; four years 13¾-13⅞ per cent; five years 12⅞-13⅞ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 14¾-14⅝ per cent; four-month trade bills 15¾ per cent.

Approximate selling rate for one-month Treasury bills 14½ per cent; two-months 14⅞ per cent; three-months 14 15/32 per cent. Approximate selling rate for one-month bank bills 15 7/16 per cent; two-months 15⅜ per cent; three months 14¾ per cent; one-month trade bills 16½ per cent; two-months 16⅞ per cent and three-months 15¾ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 17 per cent from July 1, 1980. Clearing Bank Deposit Rates for sums at seven days' notice 14 per cent. Clearing Bank Rates for lending 16 per cent. Treasury Bills: Average tender rates of discount 14.5219 per cent.

هكذا من الأصل

WORLD STOCK MARKETS

Early Wall St. decline of 5.1

AFTER STARTING on a firmer note, Wall Street ran into fresh profit-taking and slipped back to display an easier bias on balance at mid-session following further heavy trading.

The Dow Jones Industrial Average was down a net 5.12 at 923.46 at 1 pm, while the NYSE All Common Index lost 24 cents at $69.52 and declines outscored advances by a six-to-four margin. Turnover amounted to 27.94m shares, compared with Wednesday's 1 pm figure of 32m.

The Prime Rate, however, continued to trend lower, with Chase Manhattan and Chemical Bank, among the major banks, moving to 10¾ per cent. Other major banks' Prime rates range up to 11½ per cent.

Motor Oils lost ground despite some announcing strong second-quarter earnings. Mobil lost ⅜ at $78, Exxon ⅝ at $71½ and Texaco ½ at $39⅛.

Xerox, which reported higher second-quarter profits, was up ½ at $56⅞, IBM and Honeywell shed fractions, while Digital Equipment receded $1 to $75⅞.

THE AMERICAN SE Market Value Index was off 0.35 at 316.31 at 1 pm after trading volume at 3.92m shares (4.42m).

Canada

Markets continued to show a hardening tendency in busy trading yesterday morning. The Toronto Composite Index edged up 1.7 more to 2,197.5 at noon, with gains outnumbering declines on the Exchange by 208 to 150. In Montreal, Papers rose 2.86 to 193.79, but Utilities lost 0.74 at 257.80.

Oil and Gas issues were active and broadly higher. Texaco Canada rose 1½ to C$116¼, BP Canada ⅜ to C$47 and Husky Oil ½ to C$18⅛.

Imperial Oil, which reported increased second-quarter earnings, rose ⅜ to C$45½.

Falconbridge Nickel rose C$4 to C$124¼, but Alcan Aluminium fell C$1 to C$35¼.

Closing prices for North America were not available for this edition.

Tokyo

The recent easier tendency persisted, with some Light Electricals, energy-related issues and Pharmaceuticals closing prominently lower on further profit-taking.

The Nikkei-Dow Jones Average receded 41.49 to 6,795.98 and the Tokyo SE index 1.26 to 468.50. Falls outpaced rises by 373 to 248 on the First Market section after a reasonable business of 270m shares (300m).

Nippon Oil shed Y30 to Y1,490, Teikoku Oil also Y30 to Y1,120, Mitsui Mining Y25 to Y660, Sony Y30 to Y2,170, TDK Electronics Y50 to Y2,330, Victor of Japan Y50 to Y1,580 and Takeda Chemical Y20 to Y533.

Steels, Heavy Electricals and Shipbuilding also declined, but some Non-ferrous Metals firmed, reflecting higher overseas copper and gold market prices. Dowa Mining advanced Y17 to Y478 and Mitsubishi Metal Y4 to Y167.

Germany

Leading share prices ended the day mixed, although interest was well maintained and the Commerzbank index edged up 0.9 to 743.6.

The market was left unclear about the implications of Bundesbank moves yesterday, which saw credit policies unchanged although a new measure of liquidity will be added to the money market.

...Deutsche Bank gained DM 1.30. Dresdner Bank, in contrast, declined DM 2.10 to DM 202.60 after reporting lower first interest surplus and balance sheet total.

Among Motors, Daimler rose DM 2.50 and Mercedes DM 2.80, but Volkswagen lost DM 1.50. Kaufhof put on DM 2 in Stores, but Karstadt shed DM 1.50. Linde were DM 2.50 higher in Engineerings.

Public Authority Bonds were steady, with quotes little changed on Wednesday's levels as the Bundesbank sold DM 5.5m nominal of paper after sales of DM 14.6m the previous day. Mark Eurobonds were also steady.

Paris

Shares further improved over a broad front on heavy volume, with the Indicateur de Tendance index rising 1.3 to a new high for the year of 111.4.

Operators said investors had been encouraged by the decline in domestic interest rates in France—the Call Money Rate further eased by ⅛ of a point yesterday to its lowest level since mid-February. Also providing some impetus was the fact that yesterday was the first day of the monthly trading account.

The only weaker sector was Motors, where Valeo shed FFr 8 to FFr 370.

Oils led the uptrend with Esso FFr 10.5 up at FFr 302, CFP FFr 4.5 higher at FFr 239.5 and Raffinage FFr 5.9 firmer at FFr 167.9.

Australia

Markets started on a stronger note following the recent easier performance, but shares were inclined to turn back later to leave a mixed appearance at the close. However, there were some outstanding gains left at the end of the day, and the Sydney All Ordinaries index registered an improvement of 5.72 at 917.41 while the Metals and Minerals index put on 89.64 at 5,762.94.

Copper Mining stocks advanced in response to higher physical metal prices in London and New York, with MIM rising 30 cents to A$5.00, Mount Lyell 5 cents to A$1.85, Bougainville 7 cents to A$2.62 and Western Mining 6 cents to A$5.20. MIM was also helped by news of a one-for-four share bonus issue.

Elsewhere in Minings, Peko-Wallsend moved ahead 30 cents to A$8.50, CRA 6 cents to A$5.26 and Hamersley 5 cents to A$4.40.

On the Industrial boards, leader BHP recovered 15 cents to A$15.05 and CSR gained 10 cents at A$7.30, but Tooth shed 7 cents to A$1.68.

Shale Oil stocks were mixed, with Alpha printers Greenvale up 20 cents at A$4.70 and Esperance 10 cents higher at A$5.30, but the Rundle twins, Central Pacific and Southern Pacific, were each down A$1 at A$62 and A$22 respectively.

The conventional Oils closed easier for choice. Monarch Petroleum lost 8 cents at 70 cents and Crusader Oil 10 cents at A$3.80, but Bridge picked up 10 cents to A$4.40.

Hong Kong

The recent strong buying was replaced by early profit-taking yesterday, but stocks were inclined to rally in the afternoon from lower morning levels to finish on a rather mixed note. The Hang Seng index closed a modest 2.30 higher on balance at a new seven-year peak of 1,130.37.

Market leaders were much quieter than of late, with Hutchison Whampoa and Hong Kong Bank ending unchanged at HK$11.20 and HK$17.60 respectively, while Swire Pacific "A" lost 15 cents at HK$8.85 and Jardine Matheson 20 cents at HK$21.50.

There was a fair amount of activity, however, in some second-line issues. New World gained 20 cents to HK$4.80, Jardine Securities 40 cents to HK$10.90, Anderson Asia 25 cents to HK$5.00, Hsin Chong 15 cents to HK$3.525 and Far East Consortium 15 cents to HK$3.90.

Johannesburg

Gold shares failed to maintain an initial further rise, with prices easing back to close mainly only modestly higher on the day. FS Geduld were up R1.50 at R77.50, but Western Deep lost 25 cents at R64.75 after advancing R2.25 on Wednesday.

Mining Financials were narrowly mixed, but Industrials tended to gain fresh ground. CG Smith Sugar strengthened 45 cents to R12.25.

Amsterdam

Stock prices closed mainly higher, with Philips Fl 0.80 and Royal Dutch Fl 1.00 up in Dutch Internationals.

NEW YORK

CANADA

Stock	July 23	July 22
Abitibi	20⅝	20¼
Agnico Eagle	13⅞	15¾
Alcan Alumn	36¼	37
Algoma Steel	35¼	36
Asbestos	55⅝	35¼
Bk Montreal	22⅝	23⅞
Bk Nova Scotia	38¼	32

BELGIUM (continued)

July 24	Price Frs.	+ or −
Petrofina	4,950	−40
Royale Belge	3,780	+80
Soc Gen Banq	2,415	−15
Soc Gen Belge	1,446	−4
Sofina	5,545	+35
Solvay	2,570	+40
Traction Elect	2,570	+60
UCB	1,280	

HOLLAND

July 24	Price Fls.	+ or −
ACF Holding	71.7	−0.3
Ahold	68.7xd	+0.2
AKZO	24	+0.4
ABN	313.5	+1.5
AMEV	88	+0.3
AMRO	68	−0.1
Bredero Cert	187.7	+1.7

AUSTRALIA

July 24	Price Aust. $	+ or −
ANZ Group	4.75	−0.05
Acrow Aust	1.01	
Allstate Expl	1.73	
Ampol Pet	1.35	−0.03
Assoc. Pulp Pap.	2.00	−0.08
Audimco	0.27	
Aust Cons Ind	2.20	
Aust Guarant	1.35	

JAPAN (continued)

July 24	Price Yen	+ or −
Kubota	377	−1
Kumagai	407	+10
Kyoto Ceramic	3,230	−20
Lion	322	+6
Maeda Cons	317	+4
Makita	1050	+10
Marubeni	388	−4
Marudai	511	−6

DENMARK

FRANCE

ITALY

NORWAY

HONG KONG

SINGAPORE

SOUTH AFRICA

GERMANY

SWEDEN

JAPAN

AUSTRIA

SWITZERLAND

BELGIUM/LUXEMBOURG

BRAZIL

Financial Rand US$0.86¼ (Discount of 34%)

Spanish prices, Page 18

Indices

NEW YORK —DOW JONES

STANDARD AND POORS

N.Y.S.E. ALL COMMON

MONTREAL

NEW YORK ACTIVE STOCKS

Base values of all indices are 100 except NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

BASE LENDING RATES

A.B.N. Bank	16 %
Allied Irish Bank	16 %
American Express Bk.	16 %
Amro Bank	16 %
Henry Ansbachar	16 %
A P Bank Ltd.	16 %
■ Arbuthnot Latham	16 %
Associates Cap. Corp.	16 %
Banco de Bilbao	16 %
Bank of Credit & Cmce.	16 %
Bank of Cypros	16 %
Bank of N.S.W.	16 %
Banque Belge Ltd.	16 %
Banque du Rhooe et de la Tamise S.A.	16½%
Barclays Bank	16 %
Bremar Holdings Ltd.	17 %
Brit. Bank of Mid. East	16 %
■ Brown Shipley	16 %
Canada Perm't Trust	17 %
Cayzer Ltd.	16 %
Cedar Holdings	17 %
■ Charterhouse Japhet	16 %
Choulartons	17 %
C. E. Coates	16 %
Consolidated Credits	17 %
Co-operative Bank	*16 %
Corinthian Secs.	16 %
The Cyprus Popular Bk.	16 %
Duncan Lawrie	16 %
Eagil Trust	16 %
E. T. Trust Limited	17 %
First Nat. Fin. Corp.	19½%
First Nat. Secs. Ltd.	19 %
Robert Fraser	16 %
Antooy Cibbs	16 %
Greyhound Guaranty	16 %
Crindlays Bank	‡16
■ Guinness Mahon	16 %
■ Hambros Bank	16 %
■ Hill Samnel	§16 %
C. Hoare & Co.	†16 %
Hongkong & Shanghai	16 %
Industrial Bk. of Scot.	17½%
Keyser Ullmann	16 %
Knowsley & Co. Ltd.	18 %
Langris Trust Ltd.	16 %
Lloyds Bank	16 %
Edward Manson & Co.	17 %
Midland Bank	16 %
■ Samuel Montagu	16 %
■ Morgan Crenfell	16 %
National Westminster	16 %
Norwich General Trust	16 %
P. S. Refson & Co.	16 %
Rossminster	16 %
Ryl. Bk. Canada (Ldn.)	16 %
Schlesinger Limited	16 %
E. S. Schwah	16 %
Security Trust Co. Ltd.	17 %
Standard Chartered	16 %
Trade Dev. Bank	16 %
Trustea Savings Bank	16 %
Twentieth Century Bk.	16 %
United Bank of Kuwait	16 %
Whiteaway Laidlaw	16½%
Williams & Glyn's	16 %
Wintrust Secs. Ltd.	16 %
Yorkshire Bank	16 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 14%. 1-month deposits 14¼%.
† 7-day deposits on sums of £10,000 and under 14%, up to £25,000 14¼% and over £25,000 14½%.
‡ Call deposits over £1,000 14%.
§ Demand deposits 14½%.

COMPANY NOTICES

EUROPEAN INVESTMENT BANK

LEBANESE POUNDS 50,000,000
7¼% 1973/1985

BANQUE INTERNATIONALE A LUXEMBOURG S.A. announces that the seventh annual redemption instalment of LL. 5,000,000 due September 14th, 1980 has been entirely purchased in the market so that a drawing by lot of bonds will not take place this year.

The amount of bonds remaining outstanding after the amortisation of September 14th, 1980 is LL. 30,250,000.

Luxembourg.
July 25th, 1980.

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA (CANADA)

Cdn$25,000,000
9¼% NOTES DUE 1982

Pursuant to the terms and conditions of the Notes, notice is hereby given to Noteholders that, during the 6-month period ending June 30, 1980, Cdn$2,000,000 of such Notes were purchased.

Outstanding amount: Cdn$20,400,000.

The Principal Paying Agent
KREDIETBANK
S.A. Luxembourgeoise.

Luxembourg,
July 25, 1980.

NOTICE TO THE HOLDERS OF BONDS OF THE ISSUE 8% 1977/85 OF US$25,000,000 MADE BY THE

EUROPEAN COAL & STEEL COMMUNITY

The Commission of the European Communities announces that the annual instalment of bonds amounting to US$3,000,000 has been purchased for redemption on September 1, 1980.

BRITISH GAS CORPORATION
US$60,000,000 — 9 per cent Guaranteed Notes 1981

Holders of the above Notes are advised that copies of the Anneal Report and Accounts of the British Gas Corporation for the year ended 31st March, 1980 are available from:
S. G. WARBURG & CO. LTD.,
Coupon Dept.,
St. Albans House, Goldsmith Street,
London EC2P 2DL
25th July, 1980

LEGAL NOTICE

IN THE MATTER OF
MIDAS ELECTRICAL COMPANY, LIMITED
AND IN THE MATTER OF
THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the Creditors of the above named Company, which is being voluntarily wound up, are required, on or before the 10th day of August, 1980 to send in their full Christian and Surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any) to the undersigned
LAURENCE JACK GERRARD,
Chartered Accountant,
of Adam House,
14, New Burlington Street,
London, W1X 2BU
the Liquidator of the said Company and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 14th day of July, 1980.
LAURENCE JACK GERRARD,
Liquidator.

CLUBS

EVE has outlived the others because of a policy of fair play and value for money. Supper from 10-3.30 am. Disco and top musicians, glamorous hostesses, exciting floorshows. 189, Regent St. 734 0557.

GARGOYLE, 69, Dean Street, London W1. NEW STRIPTEASE FLOORSHOW "CLOSE ENCOUNTERS" 11-2.30 am. Shows at Midnight and 1 am. Mon.-Fri. Closed Saturdays 01-437 6455.

U.S. CLOTHING INDUSTRY — BY RHYS DAVID, TEXTILES CORRESPONDENT

Blue jeans' gold paves the way to international success

THE BIG U.S. jeans companies watch each other very closely. So it was perhaps inevitable that following Levi's acquisition last year of Koracorp, a medium-sized sportwear group, one of its main rivals, Blue Bell—the Wrangler brand company—would respond with its own purchase, Jantzen, a famous name in swimwear and other leisure clothing.

The moves by the two groups amount to more, however, than a sign that both are anxious to step up efforts to broaden their product range away from jeans—still representing more than half Levi's total sales of $2.1bn last year and a similarly dominant share of Blue Bell's $1bn. The acquisitions are evidence that the trend towards concentration which has been apparent in other industries in the U.S. and Europe but which has tended to pass the clothing industry by, is now gathering pace.

At present the top ten U.S. clothing companies, with annual output worth about $6bn, account for roughly 20 per cent of the industry's total and there are altogether around 15,000 companies competing for sales. Industry analysts believe, however, that the number may be down by as much as two-thirds by 1990, with the heaviest casualties among medium-sized companies with a turnover in the $10m to $40m range.

The main pressure behind the restructuring now taking place has been the growth in imports, a problem familiar enough in Europe. Imports, mainly from the Far East, have increased from only 6 per cent of the market in 1967 to more than 20 per cent in 1979. Over the past year they have been kept at around this figure as a result of the negotiation by the U.S. of tight bilateral agreements with 18 leading suppliers under the GATT Multi Fibre Arrangement (MFA), and the weakness of the dollar and the long-heralded recession have also acted as depressants.

Once the U.S. economy begins to strengthen, however, the level of imports is expected to rise again, and according to some forecasts could take 40 per cent of the market by 1990. It is the bigger groups, that have proved best able to adapt to this growing competition, through the development of new strategies for increasing both the international scope of their operations and specialisation within certain product areas. "Medium-sized companies are therefore beginning to come under a two-way squeeze, from low-cost imports and from the bigger domestic groups which have been able to re-organise to meet overseas competition," argues Mr. Stig Kry, Chairman of Kurt Salmon Associates, the U.S. management consultants.

The extent to which companies have become involved in international operations has tended to vary, depending on the product made. Shirts, because of their high labour content, have become much cheaper to make in low-cost countries and for this reason most of the big U.S. shirtmakers, including Manhattan and Phillips-Van Heusen, import a proportion of their branded lines, which are made under contract in the Far East. Some of the big U.S. shirtmakers also have marketing operations selling Hong Kong-made American shirts in Europe.

The world's fascination for American casual wear is one benefit

There has also been a major increase in co-operative ventures with neighbouring countries, in particular Mexico, with cloth being cut in the U.S. and shipped out for sewing. Under U.S. legislation the garments processed in this way are subject on re-entry only to a tariff on value added.

Jeans manufacture is less labour-intensive — "bottoms" as they are known in the trade come in fewer sizes than "tops" — and with their close proximity to large-scale denim producers and economies of scale in supplying the vast U.S. market, domestic jeans makers can still compete with overseas producers. This, in turn, has given them the strength, however, to move into overseas manufacturing for overseas markets, thereby taking advantage of strong demand for American Western-style clothing, while at the same time reducing dependence on the U.S. economy.

The strategy, industry analysts point out, has been to seek out attractive marketing opportunities and take advantage of them from factories carefully located on the basis of a balance of such considerations as logistics, costs, and reliability of service. Thus Blue Bell, which, apart from the U.S., has 27 plants in 11 countries, supplies Europe from plants in Malta and the Ivory Coast, as well as from higher-cost sources such as Belgium and the UK. The company has an interest with Riegel, one of its principal U.S. suppliers, in a denim plant in the Ivory Coast and also buys in tops from the Far East for sale in Europe and Australia, where it has recently become the biggest domestic jeans manufacturer through the acquisition of a local company, Amco.

The other factors pushing the industry in the direction of rationalisation and consolidation are the high cost of the new automated equipment now becoming available, and the need for expensive marketing support to develop strong brand names — both of which are essential for companies hoping to survive against imports. "Most companies in the industry are seriously under-capitalised and so cannot afford to mechanise," says Mr. Tom Roboz, president of the American Apparel Manufacturers' Association (AAMA).

"The U.S. industry is in many respects behind Europe in its investment and has had no incentive to catch up because of our own low labour costs and unfavourable depreciation terms. It is now clear this has got to change."

While much of the automated equipment the industry needs is relatively inexpensive, the systems enabling the greatest savings to be made are very costly and beyond all but the biggest groups. Hughes Aircraft and Camsco are offering computerised pattern preparation systems to the industry — the latter's system at a price of $225,000. Another advanced piece of equipment, a Gerber numerically-controlled fabric cutting machine, runs to $450,000. The orders for these systems which cut down on labour have, as a result, been coming mainly from the industry's giants, such as Blue Bell, Levi Strauss, Cluett Peabody, and Kellwood.

The pattern likely to emerge according to Mr. Stig Kry, is a two-tier apparel industry in the U.S. with a small number of groups dominating segments of the market — with their own as well as imported merchandise — leaving perhaps one-third to one half of the market to smaller firms whose success will depend on product innovation, specialisation or fashion leadership. This small-company sector will tend to be volatile with new firms being created as others disappear from view.

The moment of truth—a zipper in the "jaws" of the Scott tester.

This trend towards consolidation, which took place long ago in a number of other now "mature" industries, is already being felt in some clothing products where conditions have been favourable for big company dominance. In men's underwear—a standardised but nevertheless heavily branded sector—five U.S. manufacturers have 50 per cent of the market, and in jeans itself Levi, Blue Bell and VF have around half U.S. sales. In men's shirts Arrow and Van Heusen, together with two store brands Sears and J. C. Penney, dominate, while in women's bras five groups have two-thirds of the market.

The leaders in all these categories, according to Mr. Kry have been able to establish a strong brand image, and high output volumes over which to spread promotion. They also have widespread distribution across the U.S. and earn by apparel industry standards very high profits.

The growing strength of the big U.S. groups clearly has important implications for the way in which the clothing trade internationally will develop over the next decade. As imports into the U.S. market of cheaper products increase, the big American groups are likely to look to exports of branded products for growth, and for the foreseeable future look like enjoying the benefits of a weak dollar and the world's fascination for American casual wear products.

It is also significant that though U.S. labour costs are high by Far Eastern standards they are beginning to look modest by European standards. Clothing workers in the U.S. are largely non-unionised, and earn a basic rate of less than $4 an hour. Productivity levels are high, however, because of the importance within the wage payment system of incentives. The industry is also receiving considerable assistance from the U.S. authorities for the development of its export activities.

The main threat to the ambitions of the big groups, could come from the spread of protectionism around the world, including the U.S. itself. The big jeans groups, though able to manufacture economically in the U.S. at present, would clearly like to retain the flexibility to increase their sourcing from overseas. Partly for this reason groups like Levi vigorously support free trade. By contrast smaller producers fighting a rearguard action against imports and fearful of the impact China's clothing industry could have in the future, are demanding through the AAMA a tightening up of the next round of the MFA.

The big groups are confident, however, that current trends towards growing international trade will not be reversed but perhaps at worst only slowed down. "Strong growth in international trade in clothing will continue and there will be good opportunities for sizeable companies that have the management strengths to take advantage," argues Mr. Kimsey Mann, president of Blue Bell.

If Mr. Mann is right, and his company's record suggests Blue Bell's judgment has been sound enough in the past, there are clear lessons for Europe. Prolonged pressure from imports has resulted in a major thinning-out of the clothing sector in Europe and a big reduction in jobs. Unlike the U.S., Europe has been slow to develop big groups able to take advantage of multi-national sourcing of production, economies of scale and strong brand identity to dominate in certain products.

Interestingly enough, however, where this industry concentration is beginning to happen, it is with the same products as in the U.S. — jeans, where Lois the Spanish firm is developing a multi-national scale of operations; bras, where Triumph of Germany is important across Europe; and men's underwear, where the French firm Hom has strong representation in a number of major markets. The main trans-national clothing brands in Europe are, nevertheless, very often American—evidence yet again that U.S. industry has been quicker to exploit European integration than European concerns.

The pattern emerging in the U.S. is therefore complex. Imports, as in Europe, are likely to remain an issue, and pressure for further controls will continue as more jobs are lost. Total employment in the U.S. clothing industry has already dropped from 1.4m 10 years ago to 1.25m, with the impact, as in Europe, hitting weaker sections of the community and small towns with few alternative employment opportunities.

U.S. corporations will continue to dominate world markets

As the activities of the big groups show, however, responsibility for clothing the American people — and the profits from doing so — is unlikely to pass completely to the developing countries. Through their multi-national operations it will be American corporations which will continue to dominate large parts of the world market. Moreover, if the major growth of the big jeans groups and their expansion into new markets and new products is any guide, their influence in other developed parts of the world, including Europe, is also set to continue growing.

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COMMODITIES AND AGRICULTURE

Hunts will 'not sell silver yet'

NEW YORK—Herbert Hunt told Fortune Magazine the Hunt brothers do not expect to dispose of their silver holdings before the metal regains the real value he and his brother Bunker believe it has.

In the August 11 issue, Harbert Hunt said, "We're keeping our options open, though I personally think the price of silver is very cheap at this point."

Both Herbert and Bunker told the magazine the recent rebound in silver prices from a low of $10.80 an ounce has left them "slightly ahead" in all their dealings in the metal since the early 1970s.

Both said they still regard the metal as an excellent investment. Bunker said he still expects the gold/silver ratio to move to five-to-one.

Herbert Hunt indicated to Fortune that some securities the brothers owned were liquidated after they obtained a $1.1bn bank loan.

"But no silver has been disposed of, and he (Herbert) expects it will not have to be before the bullion regains the real value he and Bunker believe it has," Fortune said.

"The terms of the loan were awful tough — the collateral is probably eight or nine times as large (as the loan). We're going to work hard getting it paid off," he was quoted as saying.

The loan saved the Hunt brothers from dumping their remaining 63m ozs of silver on a depressed market, Fortune said. Reuter

India expects higher tea output

NEW DELHI — India's tea output in 1980 is expected to rise to between 570m and 580m kilos from 548m last year, the United Planters' Association of South India (UPASI) said.

UPASI said South India has yet to recover from drought early this year which cut the January-June production to 66.4m kilos from 73.8m kilos in the first half of last year.

But it said output in North India is expected to show an increase of between 25m and 30m from last year.

UPASI said most tea estates in South India, particularly in Kerala, are likely to end the year with a deficit unless government grants them fiscal relief.
Renter

Call for new inquiry into UK milk distribution

BY RICHARD MOONEY

A PARLIAMENTARY committee has called for a "wide-ranging" inquiry into Britain's milk distribution system.

In its first report following its investigation of the dairy sector the Commons Agriculture Committee said there may be scope for reducing distribution margins for liquid milk. It also suggested the Government may have been "over generous" to farmers and retailers in fixing the maximum retail milk price.

These findings were published yesterday* as milk producers and distributors awaited the Government's response to a joint request for a further increase in the retail price of liquid milk. They have asked for another 1½p a pint from August 1.

The Committee also argued in favour of further pressure being put on producers' profits. It said Mr. Peter Walker, the UK Agriculture Minister, should persist in his demands for a freeze on Common Market milk prices in real terms, so as to discourage excess production.

"We cannot escape the unpalatable fact that there is no painless way of reducing production. If production is to be reduced, some farmers are going to have to produce less, hence to earn less, than they would like to," the report said.

Such a freeze, sustained over four to five years, would be the most effective way of reducing overproduction, the Committee concluded. But it stressed that the freeze should not be operated in such a way as to discriminate against British producers.

Committee members were worried that further milk price rises might result in a sharper reduction in UK consumption, which is already declining at nearly 3 per cent a year. This could threaten the country's door-step delivery system which it found "highly desirable," especially in scattered rural communities and for the elderly and immobile. It also noted that the system was a valuable source of employment.

On imports, the Committee thought raw milk should be excluded absolutely, and pasteurised milk only allowed in if it could be shown there would be no attendant health risks, and ultra-heat treated milk only if Continental dairies were brought under the same quality and hygiene controls as operated in Britain.

In principle, however, the Committee favoured giving consumers "the greatest practicable" choice of what to buy and how to buy it.

The report was generally well received, though the National Farmers' Union was most grudging in its approval. "The very grave situation of UK milk producers at present had not been sufficiently appreciated," complained Mr. Richard Butler, the NFU president. Increased returns were needed from the liquid milk market. "A prolonged price freeze could destroy the UK milk industry," he declared.

He recognised, however, that the Committee had made "a careful analysis of the complex EEC milk problems, and welcomed its insistence that there should be no discrimination against UK producers. Its support for free school milk and door-step deliveries and its caution on imports also found favour with the NFU chief.

The Dairy Trade Federation, which represents dairy processors and distributors, gave what it described as a "qualified welcome," for similar reasons to the NFU's. But—hardly surprisingly—it failed to see the need for another inquiry into the distribution sector while an independent firm of accountants was already studying the industry's costings system.

Mr. John Owens, the DTF director general, dismissed the suggestion of excess profits. He said dairies made a ½p profit on every pint delivered and that had to pay for wages, fuel, running costs and interest charges. If the margin were reduced, doorstep deliveries would become uneconomic, he insisted.

The call for price restraint and for the inquiry were naturally welcomed by consumer groups. The National Consumer Council, the Consumers' Association and the Consumers in the European Community Group were equally unstinting in their praise for the Committee's recommendations.

* *Economic, Social and Health Implications for the United Kingdom of the Common Agricultural Policy on Milk and Dairy Products.*

Whale hunt ban rejected

By Alan Friedman

THE ANTI-WHALING faction in the International Whaling Commission only just failed yesterday to force a world-wide ban on the hunting of sperm whales.

Although the IWC's plenary meeting voted 14 to 6 in favour of the ban, this fell one vote short of the necessary three-quarters majority to bring an IWC action into effect.

The six nations voting the resolution down were Japan, Iceland, USSR, Spain, South Korea and Canada. Canada was the only non-whaling delegation to vote against the proposal, a move which caused immediate anger on the part of conservationists attending the Brighton meeting.

Shortly after the defeat of the sperm whale ban, a group of protesters burned the Canadian flag outside the Hotel Metropole where the IWC is meeting.

Yesterday's plenary session was also undecided on the question of minke whale quotas, in spite of an earlier recommendation by the technical committee to lower the quota by 2,000.

The IWC ends its five-day meeting today. Still expected is a decision on the fate of subsistence whaling by Alaskan Eskimoes.

Caution over European sugar beet prospects

By Our Commodities Staff

A REPORT by sugar statistician F. O. Licht indicates that this week's improvement in the weather over Europe's sugar beet areas will need to be sustained to have any marked effect on European sugar production prospects for the 1980 crop year.

Licht's latest beet test in south east European countries showed that root weight and sugar content were both well below similar counts taken at the same time last year.

This was due to heavy rains and generally cool temperatures over most areas in recent weeks.

A sustained period of sunshine was needed as well as generally higher temperatures to benefit the crop as a whole, Licht said.

UK CEREALS

Harvest and after

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

TUESDAY of this week was the perfect harvest day, with unbroken sunshine, a drying breeze and a temperature in the 70s. Fortunately I was able to take advantage of it, and the winter barley I was harvesting came in with a moisture content which dropped progressively from 22 to 18 per cent as the day went on.

By evening, the dryer was some four hours behind the combines, but thanks to some overtime was ready and waiting for the next day's start.

The yield in fact was remarkably good, which reversed my gloomy predictions of a light yield because the crops have stood so well in spite of much stormy weather.

For this I believe the seven-week drought in the spring was responsible, in that it prevented the straw from growing too long, which is a characteristic of this particular variety, Sonja.

But I am far from being carried away by the results of a couple of fields, some 10 per cent of my total barley. Almost everything can go wrong, and probably will, before all is safely gathered in. I also understand that there has been a great deal of weather damage in some areas and wheat crops look to be very late indeed.

A good point about the weather this cold summer is that it has been just as effective in restricting the incidence of crop diseases as has the multitude of chemicals available for that purpose. I am a firm believer in the cure rather than the preventive approach. I want to see which particular malady I am attacking before I spend the money. This incidentally is exactly the counsel of the Ministry of Agriculture's advisory service.

But even if the yields look like being reasonable, there is no certainty of a bonanza. In a report published this week, the Home Grown Cereals Authority forecast a record harvest, subject to the weather, of just under 18m tonnes. This would satisfy the UK demand for the types of grain here and leave a surplus for export of just under 2m tonnes of barley and wheat.

These exports would be almost entirely to third countries and would have to be subsidised through EEC arrangements so that they could match world prices. That the cereals management committee in Brussels is worried is shown by the fact that they started this year's export programme several weeks earlier than usual. An action which thoroughly annoyed some UK users who found themselves suddenly short.

The Commission is undoubtedly worried by the prospects of a bumper European crop and the fact that the Nine will be 97 per cent self-sufficient in cereals if these predictions are accurate. It should be said here that COPA, the European farmers lobby, disputes forecasts of record crops and claims that the weather has caused a great deal of damage. I must say myself that in the course of a drive from Brussels to Orleans through some of the best cereal acres of Europe early this month, I saw more storm damage than ever before. But it is still too early to say if the harm caused was irreparable.

The effect of this on farm prices will probably be to keep them at the intervention level. And in view of the generally bearish outlook, more farmers will be looking towards this outlet, something they have so far avoided.

The reasons for this are complex. Up till now exports and consumption have provided better outlets. Those putting grain into intervention have largely been traders, and they have been assiduous in pointing out to farmers the difficulties of the operation.

There is nothing to prevent a farmer from offering his grain for intervention. It must conform to certain standards of moisture and quality and must be in lots of not less than 100-tonnes. Many farmers could produce grain of the right standard and in these quantities but have been put off by tales of rejections at the stores, delays in payment, and so on.

It is generally reckoned that the cost of putting grain into intervention is the haulage cost to the designated store, probably between £3 and £4 per tonne and in past years the market price has kept just above that differential. This year, however, the quoted price for August feed barley is £88.40 while the intervention price is £96.44. This gap of £8 per tonne will make many farmers think most seriously about the prospect of making offers to the Intervention Board, learning the procedures and making sure that the deliveries will be up to the standards laid down.

They will be stimulated in this by the realisation that although they have had a theoretical rise of 11 per cent since last year their costs of almost everything have risen by almost double that figure, and it behoves them to grab every penny they can.

Bid to end grain ban fails

WASHINGTON — The U.S. House of Representatives has comprehensively defeated an attempt to prevent President Carter from enforcing the U.S. grain embargo against the Soviet Union.

An amendment aimed at denying funds to the State, Justice and Commerce departments needs to enforce the embargo, was defeated by 414 votes to one.

Mr. Thomas Foley, Agriculture Commission Chairman, had described the amendment as a fraud on farmers that would not result in new grain shipments to the Soviet Union. It was proposed by Mr. Tom Harkin.

A compromise proposal that would have barred funds for an embargo unless the President, on or after October 1, imposed an export restriction "solely on the basis that such an export would prove detrimental to the foreign policy or national security of the U.S." was also defeated.

Several other anti-embargo proposals were also defeated during the debate which began on Tuesday night.

During the debate Mr. Foley and Foreign Affairs Committee chairman Mr. Clement Zablocki promised joint hearings on the grain embargo if the amendments were defeated.

In London meanwhile, the International Wheat Council maintained its estimate of 1980-81 world wheat production, covering crops harvested during the 12 months beginning April 1, 1980, at between 440m and 450m tonnes.

In its latest market report, published yesterday, it said this compared with an estimated 424.6m tonnes in 1979-1980, revised from 424.3m estimated on June 30.

The council said its current 1980-81 Soviet production estimate was between 100m and 105m tonnes against 90.1m in 1979-80.
Reuter

Warning of natural rubber shortage

BY DAVID CHOW

DR. LEONARD MULLINS, director of research at the Malaysian Rubber Producers' Research Association has forecast a shortage of natural rubber which will become increasingly acute in the future. He gave this warning at the presentation of the Association's annual report.

He said that while demand for rubber had been rising by an average of 7 per cent a year over the post-war years, production had increased by about only 4 per cent annually.

In the past three years, natural rubber production had become fairly stationary, owing to competition from crops such as palm oil and cocoa.

The rubber industry was conscious of the need to strive for increased production. Towards this end, rubber experts had gone to Brazil and Mexico to encourage them to produce more rubber, particularly from the guayule shrub.

On the price stabilisation scheme to be introduced under the recently concluded International Natural Rubber Agreement, he said that M$2.10 (41.2p) per kilo would be used as the reference point for buffer stock operations. This compares with a current price of M$2.91 per kilo.

Dr. Mullins said that a sufficient number of countries had ratified the Agreement to ensure that the scheme would come into effect. The provisional starting date for buffer stock operations was October 1 this year and the managers for the scheme were being appointed, he added.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Lost ground on the London Metal Exchange in fairly active trading. After opening in lower pre-market trading, forward metal moved up during the morning Rings to close on the midday Kerb at £972.5, after £967. The price came back during the afternoon in the face of stronger sterling, and some signs of profit-taking. The low for the day was £963, and the price strengthened to close the late Kerb at £967.5. Turnover: 21,195 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	950-1	—8	950-1	—8.5
3 months	967-8	—5.25	967-7.5	—0.5
Settlem't	951	—8	—	
Cathodes				
Cash			918-20	—4.5
3 months	933-5	—7	942-4	—1.8
Settlem't	944-6	—3.5	—	......
U.S. Prod	223	—7	*100-106	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £951, 50, 49, three months £968, 66, 67, 68, 67, 68, 65.5, 66, 67. Cathodes, cash £923. Kerb: Wirebars, three months £968, 67. Afternoon: Wirebars, three months £968, 67, 66, 65, 65.5, 66, 66.5, 67, 67.5, 67, 66.5, 67, 67.5. Cathodes, cash £919. Kerb: Wirebars, three months £965, 64, 63, 64, 66, 67, 66, 67, 68.

TIN—Moved higher in quiet trading. After opening in pre-market dealings at £7,210, forward metal fell during the morning Rings to a low for the day of £7,200. Good buying at that level left the close on the midday Kerb at £7,215. There was a further decline during the afternoon to the £7,200 mark but again that level attracted strong demand and the close on the late Kerb was £7,230, the highest point of the day. The backwardation narrowed throughout the day, and eventually a contango of £20 emerged. Turnover: 825 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7225-30	—17.5	7180-90	—45
3 months	7215-20	......	7210-20	+10
Settlem't	7230	—20	—	......
Standard				
Cash	7995-30	—8	7180-90	—45
3 months	7215-20	......	7210-20	+10
Settlem't	7230	—5	—	......
Straits E.	‡$2143	......	—	......
New York	—	......	—	......

Morning: Standard, cash £7,230, three months £7,190, 7,200, 10, 15. Afternoon: Standard, three months £7,200, 10. Kerb: Standard, three months £7,210, 20, 30, 25, 20, 22, 30, 25, 30.

LEAD—Lost ground in much quieter trading conditions. The range during the morning was between £369 and £374, which was the day's best. By midday the price was down to £366 after profit-taking, and forward metal closed on the late Kerb below the best at £365.5. Turnover: 7,650 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	360.5-1	+3	356-8	—4
3 months	371.5-2	+3.25	587.5-8	—3.75
S'ment	561	+3	—	......
U.S. Spot	—	......	*34-6	......

Morning: Cash £360, 60.5, 60, three months £370, 69, 69.5, 70, 71. Kerb: Three months £371, 70.5, 71. Afternoon: Three months £370, 71, 70, 68, 68.5. Kerb: Three months £368, 67, 66, 65, 66, 65, 64.

ZINC—Dipped slightly in quiet trading. The price remained between £312 and £313 all day, and the close was £312.5. Turnover: 4,850 tonnes.

Morning: Three months £313. Kerb: Three months £313. Afternoon: Three months £315, 16, 14, 13. Kerb: Three months £313, 12.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	301.5-2	—5.25	300-2	—4
3 months	313-4	—3	313-.2	—2.5
S'ment	302	—9	—	......
Primw'te	—	......	*25.5	......

ALUMINIUM—Gained a little ground in quiet conditions. A depressed opening price of £730 attracted little buying interest, and forward metal came back to close the morning at £728. A surge of heavy buying during the second afternoon Ring boosted the price to the high for the day of £736, was the closing price on the late Kerb. The backwardation widened to £35. Turnover: 12,600 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Spot	755-7	—12.5	765-8	—1.5
3 months	729-30	—3	737-8	+2

Morning: Three months £730, 29. Kerb: Three months £729, 30. Afternoon: Three months £729, 31, 36, 35, 37. Kerb: Three months £737, 36, 36.5, 37, 36, 35, 36, 37, 38, 37.

NICKEL—Lost ground in very quiet trading. After opening at £2,830, forward metal slipped to £2,825, and declined further to close on the midday Kerb at £2,822.5. The price picked up later to close on the late Kerb at £2,825. Turnover: 186 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —
Spot	2785-90	—15.5	2760-2	—12.5
3 months	2820-2	—12.5	2820-3	—3

Morning: Three months £2,830, 25, 20. Afternoon: Three months £2,820, 30, 20.

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

SILVER

Silver was fixed 7.8p an ounce higher for spot delivery in the London bullion market yesterday, at £8.767. U.S. equivalents of the fixing levels were: spot $10.173, up 21.3c; three-month $18.529, up 22.1c; six-month $16.937, up 22.6c; and 12-month $17.805, up 15.5c. The metal opened at £6.76-£6.84 ($18.10-19.70) and closed at £6.84-£6.92 ($18.40-18.60).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unofficial	+ or —
Spot	676.70p	+7.8	688.0p	+8
3 months	701.70p	+7.5	712.0p	+7.5
6 months	723.80p	+7.8	—	
12 months	767.50p	+7.5	—	—

LME—Turnover 124 (171) lots of 10,000 ozs. Morning: three months 704.5, 5, 3. Kerb: three months 704. Afternoon: three months 715, 14. Kerb: three months 714, 13, 12.

COCOA

The easier opening was followed today by a short steadier period before a £20 dip during the afternoon was held to the close. Consumers in the main remained sidelined but producers were again in action at the highs, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
July	1040-45	—10.5	1050-38
Sep	1057-59	—15.0	1074-53
Dec	1097-98	—16.0	1117-1095
March	1159-40	—14.0	1156-39
May	1162-65	—12.5	1174-65
July	1185-90	—9.5	1180
Sept	1208-18	—9.5	1207

Sales: 2,606 (2,426) lots of 10 tonnes.

COFFEE

A lack of fundamental news, continued warm weather in Brazil and bearish chart interpretations prompted further long liquidation in Robustas and new contract lows were registered during an active session, reports Drexel Burnham Lambert. Volume increased substantially during the afternoon due to producer participation and values recovered from the lows to stage a late rally.

COFFEE	Yesterday's Close £ per tonne	+ or —	Business Done
July	1261-58	—39.5	1270-49
Sept	1301-03	—25.0	1310-75
Nov	1317-20	—29.0	1326-95
January	1525-30	—38.0	1354-23
March	1291-27	—41.0	1315-90
May	1295-10	—27.5	1305-00
July	1320-49	—30.5	1350-39

Sales: 8,898 (4,281) lots of 5 tonnes.

ICS Indicator prices for July 23. (U.S. cents per pound). Other Mild Arabicas 154.67 (155.00). Robustas ICA 1979 147.00 (same). ICA 1968 147.25 (same). Unwashed Arabicas 207.50 (same). Comp. daily ICA 1968 174.03 (174.42).

GRAINS

LONDON GRAIN FUTURES—The market opened lower, selling pressure on nearby options eased values to trade 30p-50p down with March and May options staying slightly firmer, closing 10p-20p lower on the day in thin volume. Barley saw a large amount on hedge selling pressure and quickly registered losses, good commercial buying was seen towards the close, which halted any further fall, and a good two-way trade was seen. Values closed 45p-50p down on the day, reports Acli.

Mnth	WHEAT Yesterday close	+ or —	BARLEY Yesterday close	+ or —
Sept.	95.75	—0.60	90.45	—0.45
Nov.	98.80	—0.45	94.70	—0.50
Jan.	102.80	—0.40	98.60	—0.45
Mar.	105.35	—0.10	101.80	—0.50
May	108.60	—0.20	105.05	—0.50

Business done—Wheat: Sept. 96.00-95.70, Nov. 97.10-98.80, Jan. 103.00-102.90, March 106.40-106.20, May 109.65-109.50. Sales: 146 lots of 100 tonnes. Barley: Sept. 90.80-90.35, Nov. 95.00-94.60, Jan. 98.50-98.35, March 102.00-101.75, May 105.30-104.95. Sales: 351 lots of 100 tonnes.

IMPORTED — Wheat: U.S. Dark Northern Spring No. 2, 14 per cent, July 100.50, Aug. 101.75, Sept. 103, transhipment East Coast. U.S. Hard Winter, 13½ per cent, Aug. 96, Sept. 97.25, transhipment East Coast. English Feed fob Sept. 99.50, Oct. 102, Nov. 103.25, East Coast. Maize: French Aug. 124, transhipment East Coast. S. African Yellow July-Aug. 80. Barley: English Feed fob and July 93.75, first half Aug. 92.50, South Coast, all sellers. Rest unquoted.

HGCA — Locational ex-farm spot prices. Feed barley (new crop): S. East 86.80, S. West 86.95, W. Midlands 88.20, N. West 88.40.

RUBBER

The London physical market opened unchanged, with little interest at higher levels, closing fairly steady. Lewis and Peat reported an fob price for No. 1 RSS in Kuala Lumpur of 291 (291.25) cents a kilo and SMR 20 at 263 (264) cents (August).

No. 1 R.S.S.	Previous Close	Yest'day Close	Business Done
Aug	56.90-57.90	57.30-57.50	56.90-56.70
Sept	58.40-58.86	58.70-58.90	58.38
Oct-Dec	60.60-60.80	60.70-60.80	61.50-60.50
Jan-Mar	64.30-64.40	64.30-64.40	65.00-64.90
Apr-Jne	67.20-67.30	67.20-67.50	68.00-67.00
Jly-Sept	70.00-70.10	69.90-69.90	70.20-70.00
Oct-Dec	72.40-72.60	72.30-72.50	—
Jan-Mar	74.90-75.00	74.70-74.80	75.10-74.70
Apl-Jne	77.80-78.00	77.50-77.70	78.10-77.80

Sales: 309 (430) lots of 15 tonnes, 15 (9) lots of 5 tonnes.

Physical closing prices (buyer) were: Spot 55.75p (56.50p). Aug. 61.50p (same); Sept. 61.50p (same).

SOYABEAN MEAL

The London market opened with gains of £2.00 and moved rapidly higher on fresh commission house buying, reports T. G. Roddick. Stop-loss buying extended gains to around £4.00 but general selling saw prices fall away to close with small gains.

	Yest'rday Close £ per tonne	+ or —	Business Done
August	112.00-16.0	+0.50	—
October	115.80-16.8	+0.40	119.50-16.00
December	118.80-19.8	+0.40	122.50-18.70
February	121.00-21.2	—0.15	125.20-21.10
April	122.50-23.8	—0.40	128.50-26.50
June	124.00-27.8	+0.75	—
August	124.50-28.0	+0.25	—

Sales: 252 (154) lots of 5 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar): £268.00 (£271.00) a tonne cif for July-Aug.-Sept. shipment. White sugar daily price was £307.00 (same).

Prices were soon offered some £3.00 below kerb levels, but thereafter quotations were confined within a very narrow trading range throughout the day, reports C. Czarnikow.

No. 4 Contract	Yest'rdays Close	Previous Close	Business Done
	£ per tonne		
Aug	271.80-73.00	276.00-77.00	270.00-68.00
Oct	298.05-96.20	301.50-01.75	302.50-292.8
Jan	308.50-09.00	312.00-15.00	310.00-09.00
Mch	316.00-16.50	321.75-21.90	323.00-14.50
May	316.25-16.40	310.50-15.25	316.20-12.55
Aug	307.00-07.25	316.75-14.00	314.00-07.00
Oct	300.50-01.00	308.00-08.75	310.00

Sales: 3,002 (3,681) lots of 50 tonnes.

NUMBER 2 CONTRACT—Close (in order buyer, seller, business, sales). Aug. 277.00, 277.50, 279.05-275.50, 247; Oct. 305.10, 305.40, 312.50-303.00, 891. Sales: 1,138 (1,050).

Tate and Lyle ex-refinery price for granulated basis white sugar was £342.5 (same) a tonne for home trade and £348.00 (£354.50) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Prices for July 23. Daily price 27.53 (26.80); 15-day average 26.92 (27.16).

WOOL FUTURES

BRADFORD WOOL — Buying was patchy, even allowing for holidays. Trading was generally at prices well below quoted levels, especially for more average types.

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyers, sellers, business, sales). New Zealand cents per kilo. Aug. 360, 370, nil, nil; Oct. 363, 370, 370, 4; Dec. 369, 372, 373-372, 17; Jan. 370, 376, 375-374, 6; March 373, 377, 376-375, 26; May 377, 380, 380-379, 25; Aug. 380, 384, 382, 10; Oct. 382, 385, 383, 5; Dec. 382, 383, 382-382, 10. Sales: 103.

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business, sales). Australian cents per pound. Oct. 450.0, 451.0, 453.0-449.5, 66; Dec. 455.3, 456.0, 455.5-453.5, 62; March 457.0, 458.0, 460.0-456.0, 46; May 459.5, 460.0, 461.0-459.0, 37; July 462.0, 463.0, 464.0-463.0, 14; Oct. 464.0, 464.5, 464.0-464.0, 2; Dec. 464.0, 465.0, 465.0-464.0, 4. Sales: 231.

POTATOES

LONDON POTATO FUTURES—Fine weather caused further selling this morning, with stop loss orders putting April sharply lower, although only for a short time. Lower values attracted buyers, and interest continued from trade and commission house sources to close slightly up on the day, reported Coley and Harper. Closing prices Nov. 38.90 +10 (high 39.10, low 38.00); Feb. 46.00 + 20 (high 45.80, low 45.00); April 52.80 unchanged (high 52.80, low 50.50. Turnover: 74 (84) lots of 40 tonnes.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 56 tonnes, the first report of turnover so far this week. Activity was still on a very reduced scale but at least indicated some movement by operators. Attention was centred on certain African and Middle Eastern growths.

*

HIDES—Manchester: slightly firmer. Second clears. Ox 31-35.5 kilos 32.1p a kilo (31.5p a kilo withdrawn); 26-30.5 kilos, 37.5p a kilo (38.5p); 22-25.5 kilos, 39.8p (38.1p). Lights cows 38.9p (36p a kilo withdrawn).

*

GRIMSBY FISH—Supply fair, demand good. Prices at ship's side (unprocessed) per stone: Shell cod £4.00-£9.00, codlings £3.80-£4.50. Large haddock £4.20-£4.80, medium £3.40-£4.20, small £2.30-£2.80. Large plaice £6.20, medium £6.00-£6.40, best small £4.00-£5.20. Skinned dogfish (medium) £8.00. Lemon soles (large) £8.50, medium £7.30. Saithe £2.20-£3.00.

PRICE CHANGES

In tonnes unless otherwise stated.

	July 24 1980	+ or —	Month ago
Metals			
Aluminium	£810/815	......	£810/815
Free Mkt	$1770/1790	......	$1860/17
Copper			
Cash w'bar	£950.5	—8.5	£838.75
3 mths	£967.25	—0.50	£906.76
Cash Cathode	£919	—4.5	£815
3 mths	£943	—1.5	£844.5
Gold troy oz	$641.6	+10	$623.5
Lead Cash	£357	—4	£322.5
3 mths	£367.75	—5.75	£331.95
Nickel	£3,248.55	......	£3,248.55
Freemkt (cif (lb)	285/310c	......	265/295c
Platin'mtr'y oz	£182.50	......	£182.50
Free mkt	£277.15	+3.25	£272.75
Quicksilver†	$395/405	......	$380/390
Silver troy oz	675.70p	+7.80	688.30p
3 mths	701.70p	+7.30	716.60p
Tin Cash	£7,186	—45	£7,480
3 mths	£7,216	+10	£7,387.5
Tungsten 22.04lb	$142.65	......	$139.82
Wolfrm 22.04 lbs	$146/149	......	$146/146
Zinc cash	£301	—4	£285
3 months	£315.25	—2.5	£322.73
Producers	$760	......	$760
Oils			
Coconut (Phil)	$670 x	+5	$640
Groundnut	‡	......	‡
Linseed Crude	£413	......	£400
Palm Malayan	$560x	......	$547.50
Seeds			
Copra Philip	$450x	......	$433
Soyabean (U.S.)	‡	......	$274
Grains			
Barley Futures	£94.70	—0.50	£93.70
Maize			
French No3AM	‡	......	‡
Wheat			
No.1 Red Spg.	‡	......	‡
No2HardWint	£97w	......	£98
Eng. Milling	‡	......	‡
Other commodities			
Cocoa ship't	£1,104	—15	£1,127
Future Sept.	£1,052	—15	£1,071
Coffee Ft'Sept.	£1,302	—26	£1,586.5
Cotton A. Index	89.25c	+0.70	85.65c
Rubber (kilo)	55.75p	—0.75	59.75p
Sugar (Raw)	£268	—3	£324
Woolt'ps 64s kl.	288p kilo	......	291p kilo

MEAT/VEGETABLES

MEAT COMMISSION—Average fatstock prices at representative markets on: July 24. GB—Cattle 75.98p per kg lw (+0.64). UK—Sheep 134.10p per kg est dcw (−0.31). GB—Pigs 66.08p per kg lw (−3.00).

COVENT GARDEN—Prices in sterling per package except where otherwise stated: Imported Produce: Oranges—Brazilian: Navels 3.00-4.00; Moroccan: 54/113s 3.00-5.00; Cyprus: Valencia Lates 1.00-2.50; Californian Sunkist: Valencia Lates 72/113s 4.80-6.00; Outspan: Pretae/Navels 2.50-5.15; Jaffa: 144/168s 1.25-1.50. Lemons—Italian: 100/150s 4.50-4.80; Spanish: Trays 25/45s 1.80-2.40, boxes 4.50-5.00; Outspan: Trays 35s 3.00. Grapefruit—Outspan: Marsh Seedless 4.05-4.95. Tangerines—Brazilian: Honey 8/125s per box 7.00-7.50. Apples—New Zealand: Red Dougherty 12.00-13.00, Granny Smith 11.80-12.00; Australian: Golden Delicious 10.50; S. African: Golden Delicious 12.50-12.80, Granny Smith 11.60-12.00, Yorks 11.00-11.80; Dutch: 22-lb Golden Delicious 4.40; French: 40-lb boxes, Golden Delicious 138/198s 10.00-11.00, 20-lb 5.20-5.50. Pears—Spanish: Per pound Limonere 0.13-0.15; French: Guyot, 26-lb 5.20; New Zealand: 7.00. Peaches—Italian: 1½-trays 2.40-3.80; French: 2.00-2.50; Greek: 2.00. Nectarines—Italian: 4.00-6.00. Plums—Spanish: Santa Rosa 1.80-2.80, Gaviota boxes 2.80-3.00, Burbanka 1.80-2.40; Italian: Florentias approx. 22-lb 3.00, Coq d'Oro 3.00. Apricots—Spanish: 2.40-3.00; Greek: 4.50-5.00. Grapes—Per pound Cyprus: Cardinal 0.35, Sultana 0.50. Melons—Israeli: Ogen 3.00-4.00; Spanish: Ogen 3.30, Yellow 10-kg 2.60-3.00. Water-Melons—Spanish: 2.20. Bananas—Jamaican: 28-lb, per pound 0.17. Tomatoes—Dutch: 2.80-2.80; Guernsey: 2.60-2.80; Jersey: 2.60; French: 12-lb 2.20. Onions—Spanish: 5.40-5.80;

English Produce: Potatoes—Per bag, new 1.00-1.30. Mushrooms—Per pound 0.30-0.70. Apples—Per pound Bramley 0.16-0.24, Grenadiers 0.16. Strawberries—English per ½-lb 0.15-0.25. Cabbages—Per bag 1.40-1.50. Cauliflowers—Per 12s English 3.00-3.50. Peas—Per pound 0.13-0.15. Broad Beans—Per pound 0.10. Beetroots—Per bag 1.20. Cucumbers—Trays 10/20s 2.00-2.20. Tomatoes—Per 12-lb 2.40-2.70. Lettuce—Per pound round 1.20, Cos 1.20, Webbs 1.20. Carrots—New crop 28-lb 1.50-2.20. Onions—Per bag 4.30-4.50. Celery—English 12/30s 2.00-2.20. Cherries—Per pound 0.40-0.50. Marrows—Each 0.20. Capsicums—Per pound 0.25-0.30. Runner Beans—Per pound 0.30. Swedes—Per 28-lb 2.00. Red Currants—Per ½-lb 0.14-0.15. Black Currants—Per ½-lb 0.15. Raspberries—Per ½-lb 0.14-0.15.

AMERICAN MARKETS

NEW YORK, July 24.

THE LATE sell-off in soyabeans was followed by grain and cotton based on anticipations of more moisture and cooler temperatures. The cattle markets were lower on a technical correction while the pork complex was sharply higher on very low marketings. Precious metals rallied sharply on good overseas buying, copper was moderately higher. Sugar rallied after a private service indicated that European beet crop is still questionable. Coffee was limit down. Cocoa declined sharply as Ghana reported imminent departure of freighters with heavy shipments, reported Heinold.

Potatoes (round whites)—Nov. 88.9-90.0 (87.9), March 123.0 (121.6), April 152.0-153.5.

Sugar—No. 11: Sept. 29.10-29.20 (28.43), Oct. 29.95-30.10 (29.21), Jan. 31.75, March 31.65-31.80, May 31.20-31.25, July 30.70, Sept. 30.10-30.20, Oct. 29.80-29.85.

CHICAGO, July 24.

Lard—Chicago loose 23.00 (22.00). New York prime steam unavailable.

Live Cattle—Aug. 72.75-72.85 (73.17), Oct. 70.25-70.30 (70.80), Dec. 70.90-71.00, Jan. 71.60, Feb. 72.00-72.15, April 73.65-73.70, June 74.75.

Live Hogs—Aug. 44.10-44.15 (43.15), Oct. 41.95-41.80 (41.35), Dec. 45.35-45.25, Feb. 48.60-48.70, April 47.67, June 50.35, July 51.60, Aug. 50.30, Oct. 46.05.

‡‡Maize—Sept. 325½-327 (327¾), Dec. 332-334 (335¾), March 340-341½, May 346½-347, July 347½, Sept. 347½.

Pork Bellies—July 43.10 (41.10), Aug. 42.80 (40.60), Feb. 58.65-59.80, March 59.20-58.90, May 59.40, July 59.75, Aug. 58.60.

Silver—July 1636.5 (1618.5), Aug. 1635.0-1640.0 (1621.5), Sept. ——, Oct. 1665.5, Dec. 1695.5, Feb. 1725.5, April ——, June 1785.5, Aug. 1815.5, Oct. 1845.5, Dec. 1875.5, Feb. 1905.5, April 1935.5, June 1965.6, Aug. 1995.5, Oct. 2035.0.

†Soyabeans—Aug. 736-734 (762¼), Sept. 745 (771½), Nov. 756-756, Jan. 767½-767½, March 779-781, May 784-785, July 785, Aug. 785.

‖Soyabean Meal—Aug. 198.0-199.5 (206.3), Sept. 201.5-202.0 (208.7), Oct. 203.5-202.5, Dec. 208.5-207.5, Jan. 210.0-209.0, March 212.0, May 213.3, July 215.0-215.3, Aug. 219.6-219.0, Sept. ——.

Soyabean Oil — Aug. 26.40-26.35 (27.33), Sept. 26.58 (27.58), Oct. 26.79, Dec. 26.95-27.20, Jan. 27.00, March 27.15, May 27.25, July 27.30, Aug. 27.20-27.30, Sept. 27.20-27.30.

†Wheat—Sept. 451-451½ (459), Dec. 467-468½ (477), March 479, May 480, July 480½, Sept. ——.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq. feet. ‡ Cents per dozen.

EUROPEAN MARKETS

ROTTERDAM, July 24.

Wheat—U.S. No. 2 Dark Hard Winter, 13.5 per cent, July $208, Aug. $210, Sept. $212, Oct. $213, Nov. $219, Dec. $200, Sept. $204, Oct. $207. U.S. No. 2 Northern Spring, 14 per cent, July $218, Aug. $219.50, Sept. $221, Oct. $223.50, Nov. $226.50. Rest unquoted.

Maize—Afloat $160, July $181, Aug. $160, Sept. $191, Oct.-Dec. $164.75, Jan.-March $171.50 sellers, July $159.50 traded.

Barley—Aug. $171.50, Sept. $173.50, Oct. $175.50.

Soyabeans—U.S. Two Yellow Gulfports Aug. $309.50, Sept. $317.25, Oct. $322.50, Nov. $322.50, Dec. $327.50, Jan. $331, Feb. $332.50, March $337.50, April $338 sellers. Nov. $320-$321 traded. Argentine July $301, Aug. $301.25, Sept. $307. U.S./Brazil Aug. $313.50 sellers.

Soyameal—44 per cent protein U.S. afloat $242, July $244, Aug. $253.50, Sept. $259, Oct. $265.50, Nov.-March $270 traded. Brazil Pellets July $260, Aug. $268, Sept. $272, Nov.-March $268 traded.

PARIS, July 24.

Cocoa (FFr per 100 kilos)—July 990, Sept. 998-1005, Dec. 1025-1050, March 1075-1090, May 1100-1115, July 1107-1117. Sales at call 2.

Sugar (FFr per 100 kilos)—Oct. 2935-2950, Nov. 3010, Dec. 2990-3005, March 3111-3140, May 3080, July 3080, Aug. 3050, Oct. 3030. Sales at call 1.

INDICES

FINANCIAL TIMES

July 23	July 22	Mnth ago	Year ago
278.01	276.41	287.25	286.51

(Base: July 1, 1952=100)

MOODY'S

July 23	July 22	M'nth ago	Year ago
1198.5	1181.4	1171.4	1062.6

(December 31, 1931=100)

DOW JONES

Dow Jones	July 23	July 22	Month ago	Year ago
Spot	434.42	450.93	433.51	406.30
F'tur s	449.22	446.08	445.06	412.26

(Average 1924-25-26=100)

REUTERS

July 24	July 23	M'nth ago	Year ago
1026.7	1091.6	1575.9	1536.4

(Base: September 18, 1931=100)

Egypt to boost long-staple cotton output

EGYPT is to encourage production of long staple cotton to meet growing world demand, Dr. Abdel-Razzak Abdel-Meguid, deputy premier for financial and economic affairs said in Alexandria yesterday.

Egypt has enjoyed bumper cotton crops in the past two years and with prices rising, cotton's prominence as a foreign exchange earner is being re-established. The price Egypt's much sought-after long staple cotton is likely to keep pace with increases in the price of oil, said Dr. Abdel-Meguid.

Interest centres on possible 'dawn-raid' candidates and particularly Turner and Newall—Gilts react late

Account Dealing Dates
Options

*First Dealings	Declarations	Last Dealings	Account Day
Aug. 11	Aug. 28	Aug. 29	Sept. 8
July 14	July 24	July 25	Aug. 4
July 28	Aug. 7	Aug. 8	Aug. 18

* "New time" dealings may take place from 9 am two business days earlier.

London stock markets turned cautious after the decision to leave Minimum Lending Rate this week at 16 per cent. Earlier, leading equities had nudged forward on the chance of a cut and the Government securities market saw the activation in first-time dealings of the new medium £20-paid tap stock, Treasury 11¾ per cent 1991 "A."

After refusing a bid of 20¼ for supplies of the tap issued on Wednesday at 20, the Government broker sold stock at 20¼ and this steadied the market. But profit-taking became more forceful towards the close in popular stocks such as Treasury 13 per cent 2000 and the reaction was swift in the absence of buyers of any size.

Sentiment was not helped by speculation about some Discount Houses having overbought and the longs lost early gains of ¼ to close with falls ranging to ¾. Similarly, the shorts slipped back to overnight list levels from slightly higher prices which had been indicative of a better trade than of late.

Because of the prevailing apathy in equities, traders became engrossed in guessing the next dawn-raid candidate. **Turner and Newall**, up 14 more at 131p, were a hot favourite and, following continued heavy buying from one source, it was suggested that the business may be affected this morning; other likely candidates included **British Sugar** and **Sirdar**.

The strength of Turner and Newall offset the overall dullness in constituents of the FT 30-share index, which closed 1 up at 487p. Talk of a large fund-raising operation being in the offing, perhaps this morning, began to be heard in the after-hours' trade.

Canadian advices were primarily responsible for a sharp upturn of 98 to 935p, after 945p, in **Bow Valley**; recently, bid speculation has flared and a Press report yesterday suggested *Dow Chemical* as a possible bidder.

Quieter conditions prevailed in Traded options with the number of contracts completed amounting to 1,009. Lonrho remained in demand, attracting 289 deals, while 156 trades were struck in **Courtaulds**.

Energy Capital put on 6 for a two-day gain of 16 to 96p in recently-issued equities. **Hall Brothers Steamship**, recently back from suspension following the offers for Brint Investments, rose 17 to 257p in a thin market.

Discounts easier

A rising market of late in sympathy with firm gilts and on hopes that interest rates would fall further. Discount Houses turned down on profit-taking following the MLR announcement. Union cheapened 15 to 510p, while **Alexanders**, 275p, **Cater Ryder**, 383p, and **Gerrard and National**, 285p, all lost 5. Interest in the major clearing banks remained at a low ebb but **Midland** edged forward a couple of pence to 352p in front of today's interim results. Profit-taking clipped 10 from **Leopold Joseph**, 190p, among mixed merchant banks where **Hill Samuel** receded 4 to 137p. **Schroders** gained 15 to 310p in a thin market. Elsewhere, **Lloyds and Scottish** put on 3 to 173p and **FNFC** were active but closed unaltered at 25p.

In a quiet Insurance sector, **Hogg Robinson** improved 3 to 123p, still reflecting the slightly better-than-expected annual figures.

Interest in the drinks sector was confined to selected Wines and Spirits. A good two-way business was again reported in **Distillers** with institutional buyers lifting the shares 5 to 213p. Awaiting the report from the Secretary of Trade concerning the contested Hiram Walker offer, **Highland** rose to 145p before settling for a gain of 4 at 142p.

In Buildings, **Higgs and Hill** jumped 24½ to 92p on an unwelcome bid approach. **Gough Cooper**, the subject of a "dawn raid" on Tuesday when Starwest Investment acquired a 29.5 per cent stake in the company, added 3 to 91p. **Aberdeen Construction**, a dull market of late on lack of support, picked up 10 to 138p, while **Alexander Russel** gained 9 to 85p, the latter in a thin market.

After opening higher at 376p, **ICI** drifted off and closed a couple of pence cheaper on balance at 372p. Among other Chemicals, **Coalite** hardened a couple of pence to 140p, while **Leigh Interests** revived with a gain of 4 at 166p. **Yorkshire** shed 2 to a 1980 low of 42p.

Leading Stores again traded without distinction and price movements were usually limited to a couple of pence either way. An exception was provided by **Gussies "A,"** 6 lower at 436p. Among secondary counters, the auditor's qualification of the company's accounts continued to unsettle **Cope Sportswear**, a penny cheaper for a two-day fall of 7 at 16p.

Air Call stood out in Electricals with a speculative rise of 11 to 203p. **Automated Security** rose 10 to 305p, after 315p, following favourable results, while **Laurence Scott** finished a couple of pence harder at 60p, after 57p, despite the dividend cut and annual deficit. **MK** put on 6 to 204p and **Energy Services** 1½ to 32½p. Still reflecting news that the group has sealed the U.S. deal to sell its EMI medical division,

Interest in Engineerings focused upon companies reporting trading statements. **Davy Corporation** touched 91p before closing only a net penny lower on balance at 93p with the maintained dividend outweighing the 40 per cent annual profits contraction. **Bullough** fell 8 to 165p, after 163p, on disappointing interim results, but **Mining Supplies** hardened a penny to 135p, after 140p. In response to the doubled dividend and increased earnings, **Tace** put on 2 to 25p following the half-yearly results and **Astra Industries** gained 2½ to 14½p on recovery hopes. **ML** improved 5 afresh to 300p and **Westland** rallied the same amount to 120p. **Wolseley Hughes** again came on offer and shed 7 to 248p, while **British Aluminium**, 185p, and **Adwest**, 169p, relinquished 5 and 4 respectively. Of the leaders, **John Brown** softened a fraction to 52½p awaiting today's preliminary results. **Tubes** gave up 4 to 276p and **Vickers** dipped a few pence to 138p.

Associated Dairies closed 6 up at 194p, after 200p; last year, the preliminary results were announced towards the end of August. **British Sugar** added 6, to 246p, on 'dawn raid' rumours, while **Avana** put on 7 to 160p, also on speculative interest.

Turner and Newall good

Up 6 the previous day on speculative buying fuelled by revived talk of a bid from Barlow Rand, **Turner and Newall** jumped 14 more to 131p yesterday as the market anticipated an imminent dawn raid. Other miscellaneous industrial leaders closed mixed with sentiment not unduly affected by the unchanged MLR decision. The chairman's reference at the annual meeting to the group's disappointing start to the current year prompted a fall of 8 to 294p in **Metal Box**. **Bowater** closed a penny off at 184p; the group has stated that it may close down most of its UK newsprint manufacturing capacity. **De La Rue**, at 800p, retrieved the previous day's fall of 30 that stemmed from the chairman's comments at the AGM. **J. Bibby** rose 5 to 196p on buying ahead of the interim figures due on August 6 and **European Ferries** closed 3 better at 185p, after 187p, on the announcement that the company is to sell its Holborn office development, Enterprise House, for £24.5m.

Motors traded quietly. **York Trailer**, 22p, recovered 4 of the previous day's fall of 6 which followed the first-half loss and dividend omission. Dull of late after disappointment with the annual results, **Dowty** rallied a couple of pence to 223p.

Properties closed a shade easier for choice on end-Account selling. **MEPC** finished 2 cheaper at 225p, after 229p, while **Great Portland Estates**, 268p, and **Haslemere Estates**, 352p, both shed 4. **Capital and Counties** eased 2 more to 113p on Costain's decision to sell its 9.97 per cent stake in the company, while **County and District**, awaiting the outcome of bid discussions with Costain, closed 5 off at 195p, after 185p: **Newarthill**, a major shareholder in County and District, gained 9 to 263p in a thin market.

Secondary Oils dull

Secondary Oils weakened afresh, unsettled by another broker's adverse circular and the Government's plans to delay new North Sea oil production, but closing levels were slightly above the worst in places. **Lasmo** closed 15 off at 715p, after 695p, while **Carless Capel** finished 6 cheaper at 148p, after 143p. *Tricentrol* gave up 10 to *342p* and **IC Gas** 14 to 816p, while **Clyde** lost 15 to 490p. Among the leaders, **Shell** eased 6 to 420p, but **British Petroleum** hardened a couple of pence to 348p. Elsewhere, **Double Eagle** put on 17 to 165p and **Warrior** gained 20 to 170p on speculative buying, while **Global Natural Resources** rose 25 to 500p.

Lonrho closed a penny cheaper at 108p ex-the rights issue; the new nil-paid shares opened at 29½p premium and touched 30½p premium before closing around the day's low of 26p premium. Elsewhere in Overseas Traders, **Inchcape** fell 10 to 425p ahead of Monday's preliminary results.

Investment Trusts were more subdued than of late but movements of note included **Wemyss**, 7 better at 327p, and **Derby Trust Income**, 8 firmer at 272p.

Shippings were mixed. **P & O Deferred** rose 4 to 130p and **Ocean Transport** added 2½ to 131p, but the chairman's gloomy remarks on the outlook continued to depress **British and Commonwealth**, 16 down for a two-day fall of 28 at 340p.

The absence of a rumoured "*dawn raid*" prompted profit-taking in **Sirdar**, 6 lower at 86p after Wednesday's rise of 8.

Late gains in Golds

After trading within narrow limits for most of the day, South African Golds moved ahead strongly in the after-hours' trade as the bullion price advanced to close $10 higher at $641.50 an ounce. The late demand emanated from the U.S., although persistent London interest was also reported. The Gold Mines index responded with a rise of 4.5 to 377.2 per cent, its best level since February 29.

Among the heavyweights, new 1980 highs were recorded in **President Steyn**, ¾ better at £19¼, **Western Holdings**, ¼ up at £33¾ and **Vaal Reefs** and **Southvaal**, which added around ½ to £31¾ and £13¾ respectively.

Lower and medium-priced issues showed **Kinross** 12 ahead at 620p, after 606p, and **Elandsrand** 38 to the good at a high of 458; Johannesburg buying in a market short of stock was responsible for the sharp rise in the latter.

The strength of Golds coupled with favourable Press mention lifted **Impala Platinum** by 12 to 328p, but **Rustenburg** slipped a further 4 to 256p.

Australians were mixed; Golds were quietly steady throughout the morning but moved ahead in the afternoon as the bullion price gained ground. **Gold Mines** of *Kalgoorlie* ended 4 harder at *424p*. *North Kalgurli rallied from* 88p to close unaltered on balance at 90p and **Poseidon** recovered from 206p to close a net 3 up at 212p.

Base-metal stocks attracted persistent buying throughout the day reflecting the recent strength of metal prices in the wake of the strike by U.S. copper workers. **Mount Lyell** were particularly wanted and advanced 9 to 95p while **MIM Holdings** touched 245p before easing to close 2 up on balance at 240p following the proposed one-for-four scrip issue.

Energy stocks remained under a cloud in the absence of any fresh news from the Woodada No. 2 appraisal well in the Perth Basin. In oil-shares International Mining dipped 5 to 42p.

LONDON TRADED OPTIONS

Option	Ex'rcise price	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	Equity close
BP	350	44	13	60	—	70	3	349p
BP	360	27	68	42	20	50	—	"
BP	390	16	30	30	—	—	—	"
BP	420	6	7	—	—	—	—	"
Com. Union	160	8½	10	12	—	19	—	154p
Cons. Gold	460	97	—	107	4	—	—	538p
Cons. Gold	500	63	—	78	—	98	2	"
Cons. Gold	550	33	1	32	—	70	2	"
Cons. Gold	600	22	7	33	—	—	—	"
Courtaulds	70	7½	100	10½	—	15	11	69p
Courtaulds	80	5	10	6	—	—	—	"
Courtaulds	90	1½	10	5	25	—	—	"
GEC	390	100	4	120	—	—	—	473p
GEC	460	43	12	64	—	82	—	"
GEC	500	22	1	42	—	60	2	"
Grand Met.	140	24	—	31	4	66	—	159p
Grand Met.	160	11½	11	19	13	26	—	"
Grand Met.	180	3½	65	10½	—	16	—	"
ICI	360	33	3	46	2	54	—	374p
ICI	390	16	8	30	10	36	—	"
ICI	420	7	10	—	—	—	—	"
Land Secs.	293	85	1	—	—	—	—	361p
Land Secs.	333	40	6	32	—	—	—	"
Land Secs.	390	20	—	32	—	49	2	"
Marks & Sp.	100	7	85	11½	—	15	—	96p
Shell	390	48	34	66	—	—	—	421p
Shell	420	30	18	48	5	58	—	"
Shell	460	14	1	27	—	36	—	"
Totals			487		85		22	
		August		November		February		
Imperial Gp.	90	1	—	3	—	5	2	79p
Lonrho	84	35	—	57	25	40	—	108p
Lonrho	94	25	10	28	—	32	—	"
Lonrho	104	16	18	20	11	25	—	"
Lonrho	114	9	32	16	192	20	3	"
P. & O.	120	15	5	19½	8	21	—	128p
P. & O.	130	6½	33	13	14	15	—	"
Racal Elec.	260	14	—	33	4	43	—	264p
Racal Elec.	280	7	2	20	—	33	—	"
Racal Elec.	300	5	1	12	—	23	—	"
RTZ	460	23	36	47	—	73	—	469p
RTZ	600	8	—	25	12	50	—	"
Totals			138		264		5	

FINANCIAL TIMES STOCK INDICES

—	July 24	July 23	July 22	July 21	July 18	July 17	A year ago
Government Secs.	72.24	72.49	72.34	72.54	71.91	71.98	73.23
Fixed Interest	74.08	75.95	73.84	75.76	73.11	73.02	74.96
Industrial	487.0	486.0	486.7	486.0	497.3	495.9	461.5
Gold Mines	377.2	372.7	361.5	358.8	355.6	360.2	158.4
Ord. Div. Yield	7.44	7.45	7.45	7.30	7.29	7.29	6.6
Earnings, Yld. % (full)	18.05	18.09	18.08	17.72	17.69	17.68	17.2
P/E Ratio (net) (*)	5.97	6.66	6.66	6.80	6.81	6.83	7.25
Total bargains	23,655	22,866	24,208	24,605	24,757	26,564	—
Equity turnover £m.	—	159.25	125.21	157.83	146.75	160.19	76.31
Equity bargains total	—	16,910	17,445	18,405	16,455	19,746	11,345

10 am 487.2. 11 am 487.8. Noon 487.7. 1 pm 486.3.
2 pm 486.7. 3 pm 485.5.
Latest Index 01-246 8026.
*Nil=6.23.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1980 High	1980 Low	Since Compilat'n High	Since Compilat'n Low
Govt Secs.	72.54 (21/7)	63.85 (7/3)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	74.08 (24/7)	64.70 (10/3)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	603.1 (16/7)	406.9 (3/1)	558.8 (4/5/79)	49.4 (26/6/40)
Gold Mines	377.2 (29/2)	265.5 (18/3)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	July 24	July 23
—Daily		
Gilt Edged	115.8	127.5
Industrials	104.1	146.4
Speculative	39.5	34.7
Totals	74.2	84.6
5-day Av'ge.		
Gilt Edged	126.5	131.9
Industrials	126.2	134.9
Speculative	59.1	38.2
Totals	86.1	91.2

NEW HIGHS AND LOWS FOR 1980

The following shares quoted in the Share Information Service yesterday attained new Highs and Lows for 1980.

NEW HIGHS (73)

CORPORATION LOANS (1)
B'ham 12½pc 1985

LOANS (6)
FFI (UK Fin.) 6¼pc   FFI 11¼pc Deb. Ln. [illegible]

[illegible]

TRUSTS (4)
Derby Trust Inc.   Winterbottom
Genl. Funds Conv.   Hambro Life

OIL & GAS (1)
BP 8pc Pref.

MINES (8)
Elandsrand Gold   W. Holdings
Southvaal   Rand London
Vaal Reefs   Rand London Coal
President Steyn   York Resources

NEW LOWS (26)

BRITISH FUNDS (1)
Exchqr. 3pc 1983

AMERICANS (1)
Burroughs Corp.

[illegible]

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	[illegible]	[illegible]	[illegible]
Corpns. Dom. and Foreign Bonds	[illegible]	[illegible]	[illegible]
Industrials	[illegible]	[illegible]	[illegible]
Financial and Prop.	[illegible]	[illegible]	[illegible]
Oils	[illegible]	[illegible]	[illegible]
Plantations	[illegible]	[illegible]	[illegible]
Mines	[illegible]	[illegible]	[illegible]
Others	[illegible]	[illegible]	[illegible]
Totals	431	619	1,403

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thur., July 24, 1980 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Wed., July 23 Index No.	Tues., July 22 Index No.	Mon., July 21 Index No.	Fri., July 18 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	278.79	−0.2	16.68	5.89	7.26	279.28	281.75	286.64	286.96	239.06
2	Building Materials (28)	262.82	—	17.56	6.38	6.69	262.88	264.84	268.14	267.51	223.72
3	Contracting, Construction (27)	413.88	−0.4	22.30	5.91	5.35	415.66	419.77	423.81	423.44	350.75
4	Electricals (16)	797.65	—	12.39	3.27	10.01	797.46	802.58	816.54	818.00	582.88
5	Engineering Contractors (11)	327.90	−0.5	20.71	7.95	6.06	329.47	333.90	337.53	334.46	379.91
6	Mechanical Engineering (74)	180.50	−0.5	17.82	7.33	6.82	181.49	184.25	189.30	190.20	174.79
8	Metals and Metal Forming (16)	170.17	—	21.20	9.97	5.67	170.20	170.82	172.80	173.09	161.61
11	CONSUMER GOODS (DURABLE) (49)	229.69	−0.3	14.40	5.70	8.36	230.43	232.46	237.90	237.20	226.17
12	Lt. Electronics, Radio, TV (14)	341.51	−0.4	11.24	4.13	10.91	342.90	347.41	357.21	355.47	316.25
13	Household Goods (14)	97.38	−0.3	24.88	10.84	5.07	97.63	98.53	99.27	99.87	151.27
14	Motors and Distributors (21)	103.24	−0.1	22.21	9.60	5.20	103.32	102.79	103.95	104.10	110.29
21	CONSUMER GOODS (NON DURABLES) (172)	234.77	−0.2	17.65	6.89	6.85	235.24	236.29	239.53	239.41	230.46
22	Breweries (14)	285.76	−0.3	15.86	6.44	7.36	286.72	286.62	297.30	302.56	276.87
23	Wines and Spirits (5)	315.91	+2.2	19.20	6.45	6.13	309.24	307.85	313.18	313.78	326.93
24	Entertainment, Catering (17)	335.84	−0.4	17.19	6.66	7.21	337.27	336.92	343.56	345.32	301.68
25	Food Manufacturers (21)	214.59	−0.3	18.95	6.99	6.20	215.25	217.27	218.78	217.94	195.52
26	Food Retailing (13)	347.01	+0.7	12.16	4.56	9.81	344.53	345.16	346.13	343.45	297.17
32	Newspapers, Publishing (13)	441.44	−0.4	21.63	6.62	6.24	443.11	443.50	444.33	442.99	404.86
33	Packaging and Paper (15)	136.79	−0.7	26.12	9.57	4.45	137.82	137.17	140.51	140.17	121.02
34	Stores (45)	227.52	−0.2	13.87	5.53	9.40	227.96	229.42	231.99	230.97	238.05
35	Textiles (21)	126.37	−0.2	26.02	12.50	4.68	126.62	128.12	129.48	129.94	151.18
36	Tobaccos (3)	223.70	−1.3	25.66	10.41	4.44	226.67	228.74	229.23	227.65	232.25
37	Toys and Games (5)	26.16	−1.3	8.59	14.57	26.90	26.51	26.98	27.63	27.63	65.84
41	OTHER GROUPS (99)	227.59	+0.3	16.16	6.81	7.35	226.82	228.31	230.85	229.85	194.46
42	Chemicals (16)	318.38	−0.5	19.49	7.57	5.88	319.88	321.05	324.28	322.12	267.06
43	Pharmaceutical Products (7)	231.89	+0.5	10.91	5.97	11.33	230.83	230.32	234.00	233.35	213.40
44	Office Equipment (6)	104.15	−0.3	19.44	7.97	6.00	104.42	106.47	109.15	109.76	116.68
45	Shipping (10)	600.97	+0.9	12.77	5.87	9.55	595.75	602.93	607.75	607.68	452.47
46	Miscellaneous (60)	284.45	+1.1	15.74	6.49	7.79	281.41	284.44	286.78	285.25	232.70
49	INDUSTRIAL GROUP (492)	251.31	−0.1	16.82	6.51	7.16	251.50	253.12	256.86	256.58	230.50
51	Oils (8)	796.53	−0.5	28.87	6.45	3.82	800.38	800.95	813.31	814.56	647.19
59	500 SHARE INDEX	294.55	−0.2	19.28	6.50	6.08	295.02	296.57	301.80	300.82	264.10
61	FINANCIAL GROUP (118)	233.26	−0.2	—	5.43	—	233.78	234.14	236.07	235.55	183.70
62	Banks (6)	236.61	—	41.83	6.96	2.91	236.64	237.91	239.41	240.93	218.96
63	Discount Houses (10)	298.14	−1.7	—	5.95	—	303.18	296.89	296.79	294.75	257.62
64	Hire Purchase (5)	253.41	+0.7	12.23	3.95	10.66	251.56	246.64	246.52	246.25	161.98
65	Insurance (Life) (10)	232.65	−0.1	—	5.47	—	232.89	232.40	236.34	233.63	146.99
66	Insurance (Composite) (9)	156.80	—	—	6.86	—	156.74	157.50	159.01	158.41	118.68
67	Insurance Brokers (9)	343.83	−0.2	13.51	6.71	10.16	344.41	344.61	349.01	348.43	235.10
68	Merchant Banks (12)	140.56	−0.3	—	5.05	—	141.01	140.77	141.45	140.33	96.32
69	Property (45)	435.59	−0.6	3.30	2.60	42.59	438.17	438.54	441.91	440.24	351.85
70	Miscellaneous (12)	142.23	−0.6	14.54	6.15	8.74	143.14	143.50	143.49	143.55	116.67
71	Investment Trusts (109)	263.76	−0.3	—	5.33	—	264.46	267.04	269.39	264.80	202.83
81	Mining Finance (4)	243.84	+0.6	13.07	4.05	10.89	242.39	244.91	248.25	246.52	112.16
91	Overseas Traders (19)	415.38	−0.6	11.53	7.13	10.56	418.07	422.17	422.49	417.79	325.83
99	ALL-SHARE INDEX (750)	282.51	−0.2	—	6.17	—	282.98	284.43	288.10	287.44	240.71

FIXED INTEREST PRICE INDICES

	British Government	Thur., July 24	Day's change %	xd adj. today	xd adj. 1980 to date
1	Under 5 years	106.57	+0.03	—	6.05
2	5-15 years	115.09	−0.36	—	8.02
3	Over 15 years	122.83	−0.44	—	7.61
4	Irredeemables	135.99	—	—	7.24
5	All stocks	114.59	−0.26	—	7.87

FIXED INTEREST YIELDS

British Govt. Av. Gross Red.

			Thur., July 24	Wed., July 23	Year ago (approx.)
1	Low	5 years	11.26	11.21	10.16
2	Coupons	15 years	11.18	11.12	10.60
3		25 years	11.18	11.12	11.03
4	Medium	5 years	12.58	12.53	12.28
5	Coupons	15 years	12.49	12.42	12.45
6		25 years	12.42	12.35	12.07
7	High	5 years	12.81	12.79	12.46
8	Coupons	15 years	12.88	12.82	12.46
9		25 years	12.80	12.80	12.46
10	Irredeemables		10.83	10.83	10.56

		Thurs., July 24 Index No.	Yield %	Wed. July 23	Tues. July 22	Mon. July 21	Fri. July 18	Thurs. July 17	Wed. July 16	Tues. July 15	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	56.45	15.38	56.51	56.67	56.46	56.38	56.64	54.10	55.83	56.47
16	Investment Trust Prefs. (15)	50.94	15.35	51.28	51.28	51.25	51.18	51.18	49.71	49.71	51.60
17	Coml. and Indl. Prefs. (20)	68.10	15.19	68.26	68.25	68.10	67.06	67.10	65.54	66.50	72.22

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 25p.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1980 high	1980 low
LASMO	25p	14	715	−15	830	337
Lonrho "New"	Nil/pd.	10	26½pm	—	30½pm	25½pm
Premier Cons.	5p	8	89	− 3	109	39½
Asscd. Dairies	25p	6	194	+ 6	200	160
De La Rue	25p	6	800	+30	835	530
GEC	25p	6	474	+ 2	494	326
Impala Platinum	R0.20	6	328	+12	358	240
ICI	£1	6	372	− 2	402	348
Imperial Group	25p	6	79	− 1	89½	71½
Barclays Bank	£1	5	410	—	430	327
BP	25p	5	348	+ 2	412	320
Burmah Oil	£1	5	201	− 3	249	162
Carless Capel	10p	5	148	− 6	166	68
Hampton Trust	5p	5	64	+ 2	68	15
Tricentrol	25p	5	342	−10	414	250

OPTIONS

First Dealing	Last Dealing	Last Declaration	For Settlement
Jul. 21	Aug. 1	Oct. 23	Nov. 3
Aug. 4	Aug. 15	Nov. 6	Nov. 17
Aug. 18	Aug. 29	Nov. 20	Dec. 1

For rate indications see end of Share Information Service

Stocks favoured for the call included Tebbitt Bros., British Land, FNFC, Premier Oil, Higgs and Hill, Lonrho, Minster Assets, W. L. Pawson, Leslie Gold, STC, County and District, Burmah, Otter Exploration, Charterhall, Hampton Trust, Strata Oil, Town and City Properties, House of Fraser, BP and William Collins A. Puts were arranged in GKN and Distillers, while a double was completed in FNFC.

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

Renunciation date usually last day for dealing free of stamp duty. [illegible]

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

[illegible]

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FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Amer. Gth. Tst.	50.9	54.8	-0.1	1.82
Abbey Capital	40.8	44.1	+0.1	5.56
Abbey General	51.6	55.8xd	+0.2	5.64
Abbey Gilt & F.I. Tst.	115.7	121.8	.....	8.81
Abbey Income	47.7	51.6xd	.....	9.36
Abbey Ind. Bd. Tst.	93.7	99.2xd	-1.2	5.54
Abbey Inv. Tst. Fnd.	44.4	48.0	.....	5.31
Equitas Prog. Trust	77.8	84.1	+0.3	5.13

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt & Pref.	94.7	99.6	+1.9	11.02

Allied Hambro Ltd. (a) (b)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds				
Allied 1st	86.0	92.0	-0.1	5.76
Brit. Inds. Fund	75.2	80.5	+0.1	6.46
Growth & Income	46.1	49.3xd	.....	5.64
Elect. & Ind. Dev.	42.2	45.2	.....	5.42
Allied Capital	88.5	94.7	+0.1	4.70
Hambro Fund	128.9	137.9	+0.1	6.24
Hambro Acc. Fund	162.9	174.3	+0.2	5.16
Income Funds				
High Yield Fd.	67.7	72.4	-0.2	9.88
High Income	76.3	81.6	.....	7.72
A. H. Eq. Inc.	43.5	46.5xd	-0.2	7.81
Govt. Secs.	26.7	27.5	.....	8.78
International Funds				
International	31.1	33.3	+0.1	3.24
Pacific Fund	50.7	54.3	-0.1	2.27
Secs. Of America	61.5	65.8	+0.1	2.74
Specialist Funds				

Confederation Funds Mgt. Ltd. (a)
50, Chancery Lane, WC2A 1HE. 01-242 0282

Growth Fund	67.5	70.8	.....	4.12

For Cosmopolitan see Chieftain Fund Managers.

Craigmount Unit Tst. Mgrs. Ltd.
40 Bucklersbury, London EC4N 8BD. 01-248 4984

High Income	38.2	41.7xd	+0.1	10.89
North American	50.7	54.6	+0.3	3.06
Canadian Exempt*	61.5	64.9	.....	3.66
Canadian Trust	59.9	64.7	+0.7	2.85
Mid Mount High Inc.*	50.9	53.6	.....	8.98
Recovery	58.7	62.7	+0.1	6.80
Gilt Trust	47.2	49.0	.....	10.46

*Weekly dealing day Wednesday.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3 031-226 4931

Cres. Amer. Fd.	30.0	32.3	+0.1	1.16
Cres. Internat'l.	63.6	68.6	-0.1	2.55
Cres. High. Dist.	41.4	44.7	.....	10.91
Cres. Reserves	49.2	53.1	.....	5.65
Cres. Tokyo	20.0	21.6	-0.3	1.00

Dartington Unit Trust Mngt. Ltd.
Bridge Chambers, Barnstaple, Devon 0271 76324

Total Perf. Unit Tst.	23.8	25.1	.....	12.5

Discretionary Unit Fund Managers
Bilbao Hse, 36/38 New Broad St, EC2M 1NU. 01-638 4485

Disc. Inc. July 12	218.9	233.5	.....	5.48

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	17.3	19.1	.....	7.48
Gt. Winchester O'seas	22.6	24.9xd	.....	4.42

Emson & Dudley Tst. Mngmnt. Ltd.
20b Albemarle St., W1. 01-493 3211

Emson Dudley Tst.	80.9	87.0	.....	6.00

Equity & Law Un. Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	83.6	88.0	+0.3	4.84

Fidelity International Management Ltd.
62-63, Queen St., London, EC4R 1AD. 01-248 4891

INSURANCE PROPERTY BONDS

OFFSHORE & OVERSEAS FUNDS

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

91	82¼	Aust. 5½pc '81-82	91	......	6.16	12.70
84⅝	72½	Do. 6pc 1981-83	84½	−⅛	7.18	12.04
66½	58	N.Z. 7¼pc 1988-92	66½	......	10.96	12.87
81¼	72	Do. 7½pc '83-86	81¼	......	9.35	12.29
96¾	88	Sth. Africa 9½pc '79-81	96¾	......	10.02	13.91
160	107	Sth. Rhod. 2½pc '65-70	153#	......	—	—
169	133	Do. 6pc '78-81	167#	......	—	—

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

BUILDING INDUSTRY—Contd.

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS—Continued

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

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INTERNATIONAL AND BRITISH OFFICES

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Amsterdam: P.O. Box 1296, Amsterdam-C. Telex 16527 Tel: 276 796
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Central African

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MINES—Continued

Australian

1980 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
25	21	Acmex 50c	22	.....	—	—	—
24	12	ACM 20c	21	.....	—	—	—
105	52½	Bond Corp.	103	−2	hQ2.8c	2.2	1.4
156	88	Bougainville I Kina	132	.....	bQ26.2	1.0	10.9
265	195	BH South 50c	200	.....	←	—	—
25	11½	Canada Northwest	21	−½	—	—	—
42	8	Carr Boyd 20c	30	.....	—	—	—
£36⅞	£15¼	Central Pacific	£30	−½	—	—	—
356	230	Conzinc Riotinto 50c	258	−2	Q15c	2.1	3.8
41	17	Cultus Pacific N.L.	34	.....	—	—	—
52	20	Eagle Corp. 10c	38	−2	—	—	—
27½	15¾	Endeavour 20c	24	−1	—	—	—
464	175	G. M. Kalgoorlie 25c	424	+4	†Q3c	—	0.4
46	15	Great Eastern	21	.....	—	—	—

[illegible]

Tins

[illegible]

Copper

[illegible]

Miscellaneous

1980 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
[illegible]							
97	52	Barymin	54	+2	—	—	—
17	12	Burma Mines 10p	14½	+½	0.62	1.1	6.2
146	53	Colby Res. Corp.	142	−2	—	—	—
502	290	Cons. Murch. 10c	330	.....	MQ100c	1.8	17.3
180	106	††Hemerdon 10c	110	.....	—	—	—
585	325	Northgate C$1	380	+10	—	—	—
485	327	R.T.Z.	470	+3	15.0	3.2	4.6
33	16	Robert Mines	23	+4	—	—	—
58	26	Sabina Inds. C$1	28½	.....	—	—	—
51	40	††SWCM 10p	40	−3	—	—	—
650	411	Tara Exptn. $1	435	.....	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- †† Unlisted security.
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ✦ Regional price.
- ‖ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1980-81. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1980-81. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or −
Albany Inv. 20p	32	.....
Bertam	16	.....
Bdg'wtr. Est. 50p	455	−5
Clover Croft	60	.....
Craig & Rose £1	£10½	.....
Fife Forge	32½	.....
Finlay Pkg. 5p	38	.....
Graig Ship. £1	£15½	.....
Higsons Brew	75	.....
Holt (Jos) 25p	250	.....
I.O.M. Stm. £1	192	.....
Pearce (C. H.)	465	.....
Peel Mills	45	.....
Sheff. Refrshmt	102½	.....
Sindall (Wm.)	143	.....

IRISH

Stock	Price	+ or −
Conv. 9% '80/82	£92	.....
Nat. 9¾% 84/89	£81¾	+⅛
Fin. 13% 97/02	£96½	.....
Alliance Gas	48	.....
Arnott	200xc	+10
Carroll (P.J.)	60	.....
Clondalkin	122	.....
Concrete Prods.	70	.....
Helton (Hldgs.)	33	+1
Ins. Corp.	250	.....
Irish Ropes	45	.....
Jacob	32	.....
T.M.G.	88	−1
Unidare	80	.....

OPTIONS
3-month Call Rates

Industrials

Stock	Rate	Stock	Rate	Stock	Rate
		I.C.I.	27	Utd. Drapery	6½
A. Brew	7	"Imps"	6½	Vickers	12
BOC Intl.	6	I.C.L.	14	Woolworths	5½
B.S.R.	4½	Inveresk	4		
Babcock	8	Ladbroke	15	**Property**	
Barclays Bank	34	Legal & Gen.	15	Brit. Land	7
Beecham	30	Lex Service	8	Cap. Counties	9
Blue Circle	25	Lloyds Bank	24	Land Secs.	24
Boots	16	"Lofs"	3½	MEPC	17
Bowaters	15	London Brick	6	Peachey	15
B.A.T.	20	Lucas Inds.	17	Samuel Props.	12
Brown (J.)	6	"Mams"	14	Town & City	2
Burton 'A'	10	Mrks. & Spncr	8		
Cadburys	5½	Midland Bank	26	**Oils**	
Courtaulds	0	N.E.I.	5	Brit. Petroleum	32
Debenhams	8	Nat. West. Bank	27	Burmah Oil	20
Distillers	17	P & O Dfd.	10	Charterhall	10
Dunlop	7½	Plessey	14	KCA	11
Eagle Star	15	Racal Elect.	22	Premier	13
F.N.F.C.	2¾	R.H.M.	4½	Shell	38
Gen. Accident	21	Rank Org.	15	Tricentrol	40
Gen. Electric	30	Reed Intnl.	16	Ultramar	35
Glaxo	10	Sears	5		
Grand Met.	12	Tesco	6	**Mines**	
G.U.S. 'A'	34	Thorn	23	Charter Cons.	14
Guardian	23	Trust Houses	12	Cons. Gold	40
G.K.N.	20	Tube Invest.	23	Lonrho	8
Hawker Sidd	15	Unilever	40	Rio T. Zinc	35
House of Fraser	25	U.D.T.	5½		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 30

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FINANCIAL TIMES
Friday July 25 1980

Labour call for import curbs

BY CHRISTIAN TYLER, LABOUR EDITOR

THE LEADERSHIP of the Labour Party formally committed itself yesterday to import controls as a necessary step towards reversing the decline of industry.

Publication of a policy statement on trade and industry, drawn up with TUC leaders, marks an important shift toward protectionism, or "trade management." as it is being called, by Labour moderates including Mr. James Callaghan, the Opposition Leader.

Although Left-wingers in the party may claim to have effected the conversion, Mr. Callaghan stressed that the measures proposed were the result of a joint assessment of a decline that was becoming "calamitous."

He said that defensive trade measures should be voluntarily negotiated with other Governments, including those of the EEC, where possible. But if that failed, he did not rule out unilateral action.

Yesterday's paper from the TUC-Labour Party liaison committee, an important pointer to future discussion of the Labour manifesto, says that a new national planning body may be needed.

Mr. Callaghan said it was not yet known what that machinery would look like. The committee is to carry out a separate study. He referred back to the old Department of Economic Affairs and the last Government's ad hoc committees as examples of previous attempts to co-ordinate policy.

After a joint Press conference called to launch the policy statement, members of the TUC Economic Committee went to see Mr. John Nott, the Trade Secretary, to demand Government support for import penetration targets which have been drawn up by various sectors of industry.

Textiles, clothing, motor tyres and electronic goods were mentioned. The TUC pointed out that other Governments were not shy of defending their own ailing or strategic industries.

Mr. Nott said later that import barriers would provoke retaliation, and loss of jobs for the sake of others which had ceased to be "competitive."

The Labour leaders' call for defensive measures owes much to the wave of redundancies—over 400,000 were notified in the first five months of the year—and to the high and rising unemployment total, now officially nearly 1.9m.

Flanked by Mr. Ron Hayward, Labour Party general secretary, and Mr. Len Murray, TUC general secretary, Mr. Callaghan said that he deeply regretted the line taken by the world leaders at the recent Venice summit.

"There is an alternative to deflation leading to mass unemployment," he declared. The aim must be to expand trade, and to recognise the needs of the developing countries.

Protection for British industry should not be seen in isolation from other policies for modernising and re-equipping British industry.

The measures were compatible with EEC membership, but a "new look" should be taken at the Community.

SENIOR ministers are maintaining their determination to stick by the Government's economic strategy despite growing political pressure following sharp unemployment increases, *writes Richard Evans.*

Mrs. Thatcher faced angry protests from Labour MPs when she told the Commons yesterday that workers unable to find jobs near their homes, should be prepared to move to areas where employment was available.

She stressed that unemployment prospects depended in part on wage settlements made in the next pay round, and on the speed with which interest rates could be permitted to fall.

There is no question of a pay norm in the next round, and ministers expect a wide range of settlements based on individual local circumstances.

The responsibility of management to pay only what can be afforded through additional productivity is being stressed.

Ministers also want to help school leavers and other young people without jobs. An announcement may come soon about more cash for current schemes.

Parliament—Page 10

Iranians transfer gold from London

By David Marsh and Simon Henderson

IRAN LAST month transferred nearly $250m-worth of gold from the UK to Tehran, apparently in a further attempt to build up stocks of bullion away from possible Western interference.

The transfer, revealed in British Customs and Excise statistics, takes total Iranian withdrawals of gold from the year to around 30 tonnes, worth more than $500m.

Iran this year has also brought home stocks of gold from France, West Germany and possibly other Western countries. One reason behind the shift is thought to be that the Iranians are anxious to protect themselves against any further freeze on foreign assets as part of Western action over the U.S. hostages.

It is uncertain whether the latest movements reflect recent purchases on the London gold market. It is common practice for countries' gold reserves to be stored in London, New York and other Western financial centres.

Iran has been identified as one of a number of developing countries which have been adding to their official gold holdings in recent months. Unobtrusive purchases by these countries — some of which have been revealed by recent International Monetary Fund figures on official gold holdings—have been among the factors sustaining the gold price this year.

Other oil producers thought to have acquired gold this year include Libya and Indonesia. Both these countries—along with Nigeria—have moved large amounts of gold from Britain this year, according to the Customs and Excise.

Bankers in London are puzzled why Iran should continue to move its gold back home. They point out that the transfers to Tehran—some of which have been carried out by British Airways—are expensive in terms of freight charges as well as security and insurance costs.

Previous shipments were made at a time when economic sanctions might have been broadened to cover London gold deposits, although the threat of that happening seemed minor.

It has been clear from the time that the U.S. hostages were seized last November, that Britain was very reluctant to become involved in the American freeze on Iran's assets.

More executions in Tehran, Page 3

THE LEX COLUMN

Davy looks to U.S. orders

Traders gathered expectantly on the Stock Exchange floor around opening time yesterday, but the anticipated dawn raid did not materialise. That, however, did not significantly lower the speculative temperature, and rumours centred—by no means for the first time this year—on Turner and Newall. The share price eventually settled at 131p, up 14p on the day.

That Turner and Newall is finding life extremely tough at the moment, at least in its UK operations, cannot be doubted (though pre-tax profits of the U.S. subsidiary Hunt Chemical, reported yesterday, were only 15 per cent lower for the second quarter). Judging by the institutions' readiness to take cash in recent market raids, and the question mark over the dividend, the group is certainly in a vulnerable position.

Davy Corporation

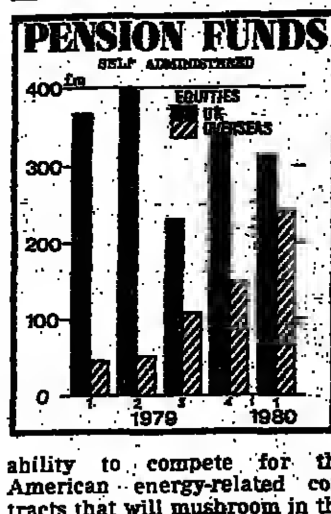
On the other hand, it has managed to increase the ratio of payments on account to stocks and work in progress, and the cash in its balance sheet at March 31 has risen slightly. Interest payable is well up, but this largely relates to the acquisition of McKee—in for a full year for the first time—and is covered by McKee's earnings. So unless the cash figure in the balance sheet is thoroughly unrepresentative, Davy must have received a major boost to profits from interest receivable at the past year's high rates.

In the first half of the year to March, Davy Corporation's profits were badly hit by the engineering strike and by a substantial provision for contract losses at an American subsidiary. These exceptional factors were absent in the second six months, but pre-tax profits for this period have nevertheless declined by over a third, and the full year's figures show a fall from £26.1m to £15.9m.

While the heavy manufacturing businesses at home (Davy Loewy excepted) are still losing money, the major problem is the growing pressure on international contracting margins. In particular, the flow of export-credit financed contracts offering handsome cash flow advantages has dried up, and in general Davy seems to be finding those juicy advance payments harder to come by.

The best news is that McKee seems to be going strongly — certainly the U.S. order book presents a sharp contrast to that of the UK-based business. Davy's ability to compete for the American energy-related contracts that will mushroom in the next few years is the key to future expansion. In the current year, though, there may be only modest recovery, and the shares require a yield of 10.8 per cent (1.4 times covered by current cost earnings) at 93p.

Index rose 1.0 to 487.0



Charterhouse

The stock market is looking at the Charterhouse Group with new eyes. Last November the shares were standing at 59p and the company was capitalised at £58m. Yesterday the capitalisation amounted to £138m, representing a 55 per cent increase after adjusting for the shares issued on the take-over of Keyser Ullmann.

Underlying the re-rating are three factors. The acquisition of Keyser Ullmann's banking assets means that the group must now be taken seriously as a merchant bank. Secondly, after a lengthy gap it has demonstrated that its development capital strategy can once again be effective. Last and probably most important, its healthy involvement in the North Sea has matured.

Next week's floatation of 51 per cent of the company's oil interests packaged as Charterhouse Petroleum should be well received, even though the enthusiasm for secondary oil stocks has ebbed in recent weeks. Unlike previous flotations, the stock offers actual North Sea production as well as hopes and prayers; the minimum tender price of 65 seems to be fully backed by assets. So it would not be surprising to see a premium of 5p or 10p. At the same time the listing of Charterhouse Petroleum may lead to some switching by investors out of a few of the smaller and purely speculative North Sea stocks.

Assuming a 5p premium, the Charterhouse Group should realise £8m net from the flotation, which together with the £11m or so from the agreed sale of its insurance broking subsidiary Glanvill Enthoven, will give a big fillip to investment plans. Net debt will fall to little more than a third of shareholders' funds. So the group is planning to push up *significantly* the £20m originally budgeted for capital spending and new investments. Meanwhile there should be two further flotations over the next 12 months or so.

Investment funds

The impact of exchange control abolition on the investment pattern of the major institutions has been sharp. Official figures for the first quarter show that pension funds invested £242m in overseas equities in that period, nearly 70 per cent of the figure for the whole of 1979. Some 18 per cent of total pension fund inflows went overseas in the first quarter, and although the proportion was much smaller—at 7½ per cent—for the much less equity-oriented insurance funds, an upward trend was also in evidence here.

In general, the first quarter institutional investment figures illustrate the search for equity or equity-type assets. Although gilt-edged were as ever freely available, many pension funds had come up against internal limits to their gilt-edged exposure. So pension funds in aggregate invested only the same as their average quarterly gilt-edged purchases in 1979. In contrast, equity purchases (UK and overseas together) were a third higher than for the average 1979 quarter, and the more erratic property figure was up 60 per cent.

An important point to note is that the institutions have been *maintaining* a fully invested posture. The build-up of liquidity by pension funds in the first quarter represented under 6 per cent of their inflow, and the liquidity of long-term insurance funds actually fell.

As for more recent patterns, one individual group to issue a report for the June quarter is Prudential Pensions, managing over £600m. The recent fixed-interest weighting of 37 per cent is being edged down, and the managers envisage a further shift towards equity-type assets in due course.

Dutch trade union backs jobs before pay rises

By Charles Batchelor in Amsterdam

A BIG Dutch trade union has come out in favour of maintaining jobs, even if its members have to accept a temporary reduction in their incomes. This proposal by the 310,000-strong Industrial Union of the Netherlands Trade Union Confederation (FNV), could have a far-reaching impact on Dutch labour relations.

The Industrial Union, representing works in metals, textiles and chemicals, will seek *agreements* with employers and with the Government aimed at keeping and creating jobs.

The agreements would cover such matters as corporate investment, Government aid to industry, employment levels in a particular company or sector, job conditions, recruitment, training and retraining.

The union's proposals come when unemployment in the Netherlands is worse than at any time since the Second World War. Unemployment rose by nearly 16,500 in June to 221,758, 5.2 per cent of the workforce. Just under half are 24 or younger.

The union has decided that emphasising employment is the only way of achieving its second main priority, maintaining incomes, said Mr. Arie Groenevelt, the union's chairman. Wage claims did not lead to any increase in jobs, he said when he launched the union's medium-term policy document Look Ahead.

The ideas in the plan will now be put to union members for approval at a Congress in December, when the Socialist and Catholic unions which make up the FNV's industrial section, will formally merge.

Several other large unions belonging to the FNV confederation said they were surprised and disappointed at the Industrial Union's plan. Unions representing the food, building, service and transport sectors said they had not been warned of the proposals, which amounted to relinquishing the confederation's triple aim of maintaining incomes, jobs and the level of welfare provisions.

The employers' organisations and the 260,000-member Christian Trade Union Federation (CNV) reacted positively.

Official receivers' jobs at risk in Government bankruptcy plan

BY ANDREW FISHER

THE GOVERNMENT yesterday announced proposals to simplify and cut costs of procedures for personal bankruptcies. These effectively set aside the recommendations of Sir Kenneth Cork's Insolvency Law Review Committee.

By shifting personal bankruptcy work from the official receivers to private receivers, the Government hopes to save £3m a year and shed 570 staff. A Bill to amend insolvency law will be introduced in the 1981-1982 session of Parliament.

Presenting the proposals, Mr. Reginald Eyre, Under-Secretary of State for Trade, said: "The vast majority of cases are very, very run-of-the-mill—penniless small debtors pursued into bankruptcy at considerable public expense."

Under the proposed new system, the number of official receivers would fall from over 30 to less than ten, with their main responsibility being corporate failures, which will be covered in the Cork Committee's full report next spring.

UK insolvency experts were generally sceptical about the proposals, while Mr. Stanley Clinton Davis, opposition spokesman on company affairs, termed them "misconceived, doctrinaire, and inconsistent with the needs of society." They constituted "an unscrupulous debtors' charter."

He also said they were "a slap in the face for the Cork Committee," which was set up under the last Labour Government early in 1977. Sir Kenneth, a former Lord Mayor of London, declined to comment.

But the committee, whose own interim report was also published yesterday, feels that its own reforms are superior to those of the Department of Trade, which employs the official receivers.

The Government's plan was criticised by the Institution of Professional Civil Servants, the trade union which represents most of the staff who will be affected during the three-year rundown.

It said that the Government's "overwhelming desire to cut Civil Service manpower" had overridden any case for change and its proposals would totally undermine the existing system.

Mr. Eyre said the Government felt the major field for insolvency reform was in the company sector where emphasis was now being shifted. No changes in present procedure for liquidating companies was planned.

The Government said that the Cork Committee's proposals, basically aimed at removing small individual cases from "the rigours of bankruptcy," would require a large technically-trained Government staff.

BL to get further cash injection

BY ELINOR GOODMAN AND KENNETH GOODING

BL WILL receive a further injection of Government cash next week when it will draw part of the £75m remaining from the money allocated for 1980-81.

Suggestions that BL wanted more money at such an early stage caused alarm yesterday among some MPs who fear the group will need to ask the Government to increase the £300m cash injection agreed by Sir Keith Joseph, Industry Secretary, in December.

They were particularly concerned because other State-owned and nationalised organisations are having difficulty keeping within set cash limits.

However, BL denied last night that it would need to ask the Government for extra cash this financial year. It expects its cash flow to improve markedly from August onward. The company said: "We expect to manage on the remaining agreed Government funding and our own cash resources for the duration of this financial year."

There seems little doubt—although BL did not confirm this—that the group will need much more than the further £130m the Government has promised to provide between 1981 and 1983.

In particular, BL wants to push ahead with the LC10 project to produce a range of medium-sized cars to replace the Morris Ital and Allegro. This could absorb up to £300m, some of which the group would finance itself.

There were indications yesterday, however, that the Government might have to give support towards the LC10 programme as early as next week. It was being suggested that BL will ask the Government to put up financial guarantees so that it can order machine tools for the project.

There has been growing confidence within BL that the LC10 will be approved when it is finally considered in the 1981 corporate plan to be completed in October. By the time the Government considers the plan the new BL small car, the Metro, will have been launched—and UK unemployment may have risen even higher.

Cabinet rift on oil assets sale

BY RAY DAFTER, ENERGY EDITOR

A CABINET rift is developing over plans by the Treasury and the Industry Department to sell some of the British Gas Corporation's £300m-worth of oil assets.

Mr. David Howell, the Energy Secretary, is reported to have written to Sir Keith Joseph, the Industry Secretary, opposing the sale of British Gas's important Wytch Farm oilfield in Dorset.

But Mr. Howell has apparently made clear that he would have no objections to private capital being introduced into the corporation's wholly-owned subsidiaries, Hydrocarbons GB, which is developing the Morecambe gasfield in the Irish Sea, and Gas Council Exploration.

The Energy Department refused last night to comment on the unofficial reports of the rift.

However, it is known that Mr. Howell has been having discussions with the British Gas over plans either for introducing private capital into the corporation or for selling some of its oil assets, which include interests in Wytch Farm and four North Sea fields, Beryl, Fulmar, North-West Hutton, and Montrose.

British Gas and British Petroleum have equal interests in Wytch Farm, which has 90m barrels of recoverable reserves, comparable to some of the smaller North Sea fields.

Sir Denis Rooke, chairman of the corporation, who announced a record pre-tax profit of £426m this week, said that any change in the structure of British Gas could only put its "first-class" success prospects in jeopardy.'

Weather

UK TODAY

MAINLY DRY and warm but N. Ireland and parts of Scotland will have rain with bright intervals.

N.E., S.E., E. Cent. England, S.E. Scotland
Dry and sunny. Very warm. Max. 26C (79F).

Wales, S.W., N.W. England, Channel Islands, S.W. Scotland
Mainly dry. Sunny periods. Inland Max. 24C (75F). Coasts 17C (63F).

Cent., E. Scotland, N. Ireland
Rain. Bright periods. Max. 22C, (72F).

N. Scotland
Heavy rain. Brighter later. Max. 17C (63F).

Outlook: Sunny intervals. Showers. Thunder in places. Warm.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	24	75	L. Plms.	S	27	81
Algiers	S	29	84	Lisbon	S	26	79
Amsdm.	S	22	72	Locarno	S	28	82
Athens	S	29	84	London	S	22	72
Bahrain	S	38	100	Luxmbg.	S	24	75
Barclna.	S	28	82	Luxor	S	38	100
Beirut	S	29	84	Madrid	S	36	97
Belfast	C	16	61	Majorca	S	30	86
Belgrd.	C	21	70	Malaga	S	27	81
Berlin	S	24	75	Malta	S	26	79
Biarritz	C	22	72	M'chstr.	F	20	68
Bmghm.	F	20	68	Melbne.	R	9	48
Blackpl.	C	17	63	Milan	S	28	82
Bordx.	S	25	77	Moscow	F	30	86
Boulgn.	S	17	63	Munich	S	24	75
Bristol	F	20	68	Nairobi	S	16	61
Brussels	F	20	68	Naples	S	25	77
Budpst.	F	23	73	Newcstl.	F	20	68
B. Aires	C	16	61	Nice	S	22	72
Cairo	S	34	94	Nicosia	S	28	82
Cardiff	C	20	68	Oporto	S	18	64
Cas'b'ca	F	24	75	Oslo	F	21	70
Cape T.	S	18	64	Paris	S	22	72
Cologne	S	24	75	Perth	R	18	64
Cpnhgn.	S	22	72	Prague	S	23	73
Corfu	S	29	84	Reykjvk.	C	10	50
Dublin	C	15	59	Rhodes	S	27	81
Dbrvnk.	S	26	79	Rio J'o	S	25	77
Ednbgh.	F	19	66	Rome	S	25	77
Faro	S	26	79	Salzbrg.	S	25	77
Florence	S	26	79	Singapr.	C	31	88
Frankft.	S	26	79	Stckhm.	F	24	75
Funchal	S	25	77	Strasbg.	S	27	81
Geneva	S	26	79	Sydney	R	13	55
Gibrltr.	S	32	90	Tangier	S	23	73
Glasgow	C	16	61	Tehran	S	29	84
G'rnsey	S	18	64	Tel Aviv	S	28	82
Helsinki	S	24	75	Tenerife	S	32	90
H. Kong	C	29	84	Tokyo	S	31	88
Innsbrk.	S	26	79	Tunis	S	30	86
Invrnss.	C	17	63	Valencia	S	28	82
I.o.Man	C	15	59	Venice	S	26	79
Istanbul	S	25	77	Vienna	S	25	77
Jersey	F	19	66	Warsaw	C	19	66
Jo'burg	S	15	59	Zurich	S	26	79

C—Cloudy. F—Fair. R—Rain. S—Sunny.

SALISBURY GOVERNMENT'S FIRST BUDGET

Zimbabwe reassures foreign investors

BY TONY HAWKINS IN SALISBURY

ZIMBABWE presented its first peace-time budget yesterday, announcing increases in Government spending but a 19 per cent cut in defence expenditure.

Senator Enos Nkala, the Finance Minister, cast aside his public image as a "wild man of the Left" and went out of his way to reassure foreign and domestic investors. He described the socialism of Prime Minister Robert Mugabe's Government as "pragmatic and mild."

The budget estimates showed spending would go up 16.4 per cent in the fiscal year to mid-1981 to Z$1.4bn (£936m).

Senator Nkala, in a new departure for his party, the ZANU-PF, emphasised a warning that free health and education had to be paid for by taxpayers.

But there are no overtly anti-capitalist changes in his budget. On the fiscal side, he has, as predicted, budgeted for a large deficit of Z$454m, which he says will have to be funded by both local and foreign borrowings.

The income tax structure is left unchanged though the 10 per cent tax surcharge announced previously, which applies to both companies and individuals, will be maintained both in the 1981 and the 1982 tax years. But the top tax rate and the corporate tax rate remain at 49.5 per cent.

Senator Nkala also introduced a minor concession to encourage foreign-owned companies to become locally registered, by allowing the tax liability incurred by the transfer of assets to be spread over

The Minister announced two major changes in respect of remittability of profits and dividends. Remittances of dividends to non-resident shareholders will now be limited to 50 per cent of after-tax profits. For branch profits of wholly-owned or majority-owned subsidiaries, the same will apply.

Mr. Nkala said this would apply to UK, U.S. and Canadian residents who have hitherto been prevented from receiving any dividends at all by the blocked funds regulations.

The Minister said the release of funds blocked during the period of UDI and sanctions would have to be phased, but gave no details saying these were still under consideration by the Reserve Bank.

But current interest earned on blocked funds invested in *Zimbabwe will be freely* remittable to UK, U.S. and Canadian residents immediately.

Senator Nkala also announced that Zimbabwean companies which raised overdrafts in the UK or loans in the UK before UDI in 1965 will be allowed to repay these.

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